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STEEN'S STAND ON NATO MISSILES ATTACKED BY LABOR PARTY MP

Oslo DAGBLADET in Norwegian 4 Nov 82 p 2

[Article by Guttorm Hansen, Labor Party MP: "Guttorm Hansen Sharply Criticizes Steen"]

[Text] Guttorm Hansen (Labor Party) enters the fray. In this article the former president of the Storting sharply criticizes those in his party who are now saying that under any circumstances the Labor Party Storting Group will oppose the deployment of new nuclear missiles in Europe. Guttorm Hansen does not name those addressed, but there is no doubt that he is aiming his cannons at former party chairman Reiulf Steen.

AP [Labor Party] and the Double Resolution of 1979

There has lately been a debate about the so-called double resolution in NATO in 1979 concerning the deployment of medium-range nuclear missiles in West Europe as a response to the strong nuclear arms buildup with modern missiles with multiple warheads which the Soviet Union has been carrying out for several years. The debate we are now experiencing is spreading a lot of confusion and it is now high time to bring the matter into the right perspective.

I experienced this rather strongly the other evening when I met one of our best known men from the academic world who said approximately the following: "We who are opponents of nuclear missiles believe that what is happening now is very fortunate." Such a statement can only mean that in Norway there are two groups, one consisting of opponents of missiles, the other of supporters. This is pure nonsense, and clearly illustrates how a debate can twist and conceal the truth. For my part I know of nobody who is a supporter of missile armament in Norway. Especially because Norway will not have nuclear missiles on its territory. But also because they all have the same opinion of nuclear weapons as frightening and horrible.

New Situation

It was in West Europe, on the continent, that the question of modernization of NATO's nuclear defense was raised. The countries there feared the gap which existed between NATO defenses and the Soviets. Look at West Europe on a map and the situation in that land area is obvious, with a minimal depth of territory before reaching the sea. They have a strategic situation which is not too desirable. That is also a factor which should be included in the reasoning. It was not the United States which pressed to deploy new missiles. The needs of the United States are covered by other missile systems, as far as I know.

The situation in 1979 was somewhat different than it is today. Now it is forgotten that it was the requirements of West Europe that were to be covered by modernization of NATO's missile system. Norway's situation at that time was that we should not take part in any nuclear weapon procurement. Our situation was that we were asked to participate in an affirmation of solidarity with the other NATO countries and to participate in an eventual financing of the preparatory work. The Norwegian government believed, however, that missile armament was not the answer to the development, and therefore strongly urged that such a resolution be coupled with a demand for negotiations between the superpowers, United States and Soviet Union, on reducing the missiles which are deployed in Europe and expected to be used in Europe during an eventual war. Thereby NATO's resolution became a double resolution as it was later called, containing both a decision on modernization, and at the same time this modernization should be dependent on the result of negotiations between the two countries.

Delays

For Norway it was a correct political line. Norway's security does not increase if Norway declares itself nuclear-free, or if the Nordic countries do it. It can be a step on the way, but the avoidance of nuclear war depends on the willingness of the nuclear powers to reduce and dismantle, as much as possible, their nuclear weapons and revise their strategy with the aim of avoiding use of them. That is the only practical way to increase our own and other people's security. Norway can not isolate itself from reality.

When Norway decided to be a member of NATO it was to insure our own national security. Now that we are still in NATO it is for the same reason. But to be a member of an alliance also bears obligations. A nation cannot enjoy the advantages, and withdraw from the obligations when those become difficult. When Norway adhered to the double resolution in 1979, that became an obligation on us. We are obliged to stand fast by it, share the tasks connected with preparations for eventually activating it, if the Soviets do not show a willingness to reduce, obliging us to stand in solidarity with the nations which will have installations. But it does not oblige us to

force anything as long as the political situation in some of these countries is unclear. Norway should not be a driving force in armaments which we ourselves will not participate in. This is the background for the delays of appropriations which the Labor Party has recommended.

Contributions in Conflict With AP

The contributions in the debate which are now being made and which advocate that Norway, or the AP Storting Group, under any circumstances should oppose the missiles, is not the Labor Party standpoint. The Labor Party's final standpoint will be decided when the Geneva negotiations are finished and the results can be judged. To take a standpoint for or against the final resolution now is not in agreement with the political line that the Labor Party drew up in the combined meeting of government and Storting groups on 1 October this year. Then nobody was opposed to the line that the party chairman drew up, and which I, as section leader of the Foreign Affairs Committee, gave my approval to in my speech to the government and Storting groups. I will not express myself on behalf of others, but I will take exception to every interpretation of that resolution which exceeds the framework of that which I have said here.

I will, in contrast to others, not speak on behalf of the entire Labor Party, or parts of it. I am speaking here entirely personally. But consideration for my personal integrity as a politician makes it necessary to state that I stand fast by the NATO double resolution and that which is our NATO duty. Also this resolution is a part of our NATO membership, it can not be isolated out as something special.

Peace and Freedom

When the double resolution was approved in 1979 the situation was not, as some individuals appear to believe, that if Norway had said no to the modernization plan, that would have stopped it. It would probably have been approved without any provision for negotiation included. It was the small countries which worked for negotiations with the Soviet Union, and Norway, acting through the Nordli government, was a driving force. It was because we wanted to stand solidly with the West European NATO countries that the demand for negotiations was approved at the NATO meeting in 1979. Is there anyone who believes that we would have had any influence at all if we had declared that we demanded negotiations with the Soviets before deployment, and at the same time announced that in any case we would oppose missile modernization? Now and then I believe that NATO meetings are foolish, but they are not that foolish.

There is a background, a motive, for our NATO membership. For me it is easy to express it: peace and freedom. The two concepts are inseparable. Not peace at any price, even though it sounds fine to say it. There is no peace without freedom, that is how simple it is for me. I believe that there are rather many in my generation who know that is true.

9287

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STEEN DISCUSSES STAND ON NATO'S DUAL DECISION

Oslo DAGBLADET in Norwegian 3 Nov 82 p 3

[Article by Reiulf Steen: "War and Peace, Morality and Dual Morality"]

[Text] Reiulf Steen writes here that in the fall of 1979 there was no discussion of how quickly the physical preparations for the deployment of new American nuclear missiles should proceed. Steen, who was then the chairman of the Norwegian Labor Party, also writes that Norwegian participation in these preparations was not discussed in the deliberations in which he participated. Now he says that these preparations have come very far, while negotiations on the missiles are entirely at a standstill.

The question of war or peace. The question of use of nuclear weapons in a war situation. This is a question which supersedes questions of political conflict, national and international. It supersedes the north-south conflict. It supersedes social conflicts. It supersedes all traditional political conflicts. Because it is not a question which concerns the interests of one individual country, an individual part of the world, individual social classes or individual people. In our time the question of war is a question of the interests of mankind. As moral and political individuals we must set all other interests aside when this question is brought to the fore.

Policy and Morality

And now, in 1982, it is brought to the fore. Therefore it must also be placed at the top of the political agenda, superseding all other questions. That is what a growing number of leading diplomats, scientists and politicians over the entire world, even the former American secretary of defense Robert McNamara, have seen, and that is what they have been forced to recognize. Prominent physicians, biologists, physicists, chemists and sociologists are continuing to devote more of their time and their resources to opening our eyes. They see it as a moral duty. It is not a coincidence

that a former American president, Jimmy Carter, in stronger words than any Norwegian politician that I now know of, warns against further acceleration of the nuclear spiral.

From the certainty that we have today on this question, Jimmy Carter has drawn the only morally valid conclusion: The most important task that mankind has ever confronted is to eliminate the danger of a nuclear explosion.

Provincialism

For me it has become impossible--also in a Norwegian connection--to discuss this question without placing it in the same perspective: a moral perspective. This question is so urgent that one must be willing to take positions which can incur great costs, both personally and politically. Therefore it is meaningless and petty to place this question in an ongoing personal conflict in a Norwegian party. This is not only provincialism. It is dangerous provincialism. And it is irresponsible when such speculation supersedes that which the matter is really all about.

Belief and Action

Confronted with the danger that nuclear weapons increasingly represent, it is not enough to have good and correct beliefs, although that is important. One must act, each in his own situation and from his own capabilities. I was a member of the Norwegian government in the fall of 1979, the government which worked on the formation of the Norwegian position on the resolution which would be approved at the meeting of the NATO Council of Ministers on 12 December. When we began to deal with this matter in October it was an entirely new issue for Norwegian opinion and for Norwegian politicians that there was a recommendation for deployment of new medium range nuclear missiles in West Europe. The one single time it was mentioned in the Norwegian press was in an article by editor Jan Otto Johansen in DAGBLADET in early summer.

In the preparations which I participated in, it appeared to me that the Norwegian government had a choice from three alternative courses of action:

Alternatives

1. We could adhere to the recommendation and argumentation which said that without negotiations we should proceed as quickly as possible to deploy the new Pershing 2 and cruise missiles as a reply to the deployment by the Soviet Union of its SS-20 missiles. For the then-existing government this alternative had scarcely theoretical interest.
2. We could vote no. I judged the situation in the fall of 1979 to be such that with that vote we would not be able to exercise any influence on the shaping of the final resolution. One must remember that at this time there

were very few who believed in the negotiation alternative. And the Soviet Union had expressed itself very negatively on negotiations. A no vote would have forfeited the opportunity we later had to influence developments. Neither would it have accomplished the purpose of sending our viewpoint to Moscow and thereby influencing the Soviet Union's willingness to negotiate.

3. We could enter actively in the process confronting NATO to make the negotiating part of the final resolution as strong as possible. It was to further emphasize the weight that we put on the negotiating alternative that Odvar Nordli traveled to Washington and I to Moscow. In the situation existing at that time, I saw the possibility to work for the goal which I had and still have: to prevent deployment.

With the Soviet leadership I argued forcefully that they should position themselves favorably toward a negotiating initiative, and I received signals which indicated that would happen. As is known it turned out later to be so.

Free Judgment

The Norwegian government's choice of an alternative had as an absolute precondition that negotiations should be real, and we emphasized time after time that we not only wanted to have a free choice of the negotiated result, but that at regular intervals we would undertake a basic judgment of the progress of the negotiations. This also received approval in the NATO Council of Ministers. No one had any doubt on this point: We did not intend to wait passively for the results of negotiations which were to be binding on Norway.

New Preconditions

Compared with the fall of 1979, the situation today is significantly changed. In the fall of 1979 there was no talk about the tempo of the physical preparations for an eventual deployment of new weapons in West Europe, and direct Norwegian cooperation in these physical preparations was above all not part of the discussions in which I participated. In the meanwhile these preparations have come very far, and have thereby become a concrete matter for the Norwegian Storting to take a position on. The negotiations are at a standstill.

The situation today is something else. So are the preconditions. Therefore the negotiations must take another form, even if the goals remain the same. Since the fall of 1979 the United States has acquired a new president who, among other things, has spoken of the use of tactical nuclear weapons in Europe, and who has made nuclear strategy a still stronger element in American security policy. Since 1979, other parts of the world have had wars where the danger of use of nuclear weapons has been openly discussed. This--

seen in the light of the negotiations being at a standstill--makes it more urgent than ever to support the forces which actively oppose nuclear armaments. We can not wait longer; we must act here and now!

Peace Movement

The most important political force in the work for a halt to the nuclear arms race is the strong and growing American and European peace movement. It is a moral duty to support this peace movement, because it contains a real political possibility: to prevent every step in the direction of further nuclear arms. It is not enough--morally--to have the right beliefs. Then morality becomes dual morality: one knows, but does not act. But the action must not be blind. In 1982 we must use as a starting point the actual situation and preconditions which are in place, and they are different from in 1979. It is still necessary that we not allow ourselves to be led into a flight of fantasy, but rather by imaginative realism--the entire time in the knowledge that this concerns something different and more important than any deficit or credit of political costs in the Norwegian media.

In an editorial on Monday 1 November DAGBLADET wrote: "Steen made this (the double resolution of the NATO Council of Ministers of 21 December 1979) the most important test of Norway's NATO reliability since 1979." Never have I believed, never have I claimed and never have I so much as hinted that this was a question of "Norway's NATO reliability."

Nor is that what this issue is all about.

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COMPROMISE ON MISSILES' DEPLOYMENT BETWEEN LABOR, WILLOCH SEEN

Oslo AFTENPOSTEN in Norwegian 9 Nov 82 p 4

[Article by Terje Svabo: "Compromise Possible on Missile Issue Between Conservative and Labor Parties"]

[Text] A compromise between the Conservative and Labor Parties may be possible on the missile issue. According to what AFTENPOSTEN has learned, it is possible that the two parties can agree on a solution based on a concrete stipulation that Norway's contribution to preparation of missile installations will not be approved this fall. A condition for such a compromise is that the Labor Party in the defense budget bill will recommend that the party stand firm with NATO's double resolution and the obligation that Norway will pay its part of the preparation expenses.

The Defense Committee will submit its defense budget bill on Friday afternoon. It is beginning to be urgent that agreement be reached between the Labor and Conservative Parties. From the Labor Party side it has been made clear that the party does not want Norway to act as a "spearhead" in this matter, nor does it want to participate in "earmarked appropriations this fall."

From the government party side it is emphasized that Norway must stand firm by its obligations in the double resolution and follow up by appropriating money in the fall. Thereby it seems that the two parties are rather uncompromising toward each other on this issue.

There has, however, been intensive work to find a solution so that a split down the middle of the Storting can be avoided on this issue. According to what AFTENPOSTEN has learned, the following solution is possible:

The Conservative Party and the government will oppose a solution which contains a real delay of payment for Norway's share of the preparatory work. On the other hand the government can imagine a solution to the effect that

Norway's share is not approved this fall, but waits until a precise settlement of Norway's account is presented next year. That can only happen on condition that the Labor Party will guarantee that the party will carry out the deployment part of the double resolution if the negotiations do not succeed.

Such a solution contains the following: the government has a clear majority in the Storting for Norway's standing firm on the double resolution. The Labor Party, on the other hand, realizes its wish that Norway not be a "spearhead" and that they need not approve "earmarked appropriations this fall."

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FORMER ETA-PM TERRORISTS RECOUNT EXPERIENCES

Madrid TIEMPO in Spanish 18-25 Oct 82 pp 8-17

[Article by Santiago Aroca]

[Text] After finally laying down their arms, leaders of the ETA (p-m) [Basque Fatherland and Liberty Group (Political and Military)] granted TIEMPO an exclusive interview, in which they recounted how and why they carried out their most spectacular operations. For example, they explained the reasons they fired at centrist deputy Gabriel Cisneros during his attempt to flee, the pure coincidences leading to the kidnapping of Ambassador Javier Ruperez, and the state of hysteria which continued throughout his captivity, the false clues on which they based the kidnapping of the father of Julio Iglesias--absolutely confirming their responsibility, despite other theses set forth in a weekly magazine, the notices sent to the police urging removal of the bombs from the Chamartin resort, and the smallest details of the preparation and implementation of the robbery of the Herrero Bank in Oviedo, without a doubt the most important of those carried out in our country.

He fired four times. Gabriel Cisneros clutched his belly before he fell to the ground, sheltered by two vehicles. This was (as can be seen in a historical perspective) a chain of coincidences. If Gabriel Cisneros had died, his assassination would have served no purpose. If they had succeeded in kidnapping him, the government would have refused to negotiate. The bullet which lodged in the stomach of the centrist deputy, the spokesman for the government sector which wanted to reduce the boundaries of autonomy in the Guernica Statutes, showed them that it was possible to harass the UCD [Democratic Center Union] and succeed. The statutes of autonomy were approved almost exactly as they were drafted, and Cisneros himself said, when he left the clinic, that he had been a "statute hostage."

"On the day on which Carrero Blanco died," said Joseba Aulestia Urrutia, alias "Zotza," the real military brain of the organization, according to the police reports to which TIEMPO had access, "I was asleep. I was working at the Bilbao fish market unloading goods. That morning, the alarm did not go off."

It was almost noon when they called to tell me the news. Well, I shared the general happiness and I celebrated by eating fritters, because at that time I did not have the money for champagne."

Gabriel Cisneros reached his home late. Among the information gathered by individuals who had been following him for some months previously was evidence of the punctuality of the centrist deputy and the regularity of his habits. The commando group was already departing when the red Morris Minor appeared.

Six months before this event, the military apparatus of the organization had planned a series of actions designed to strengthen the positions of the ETA in future negotiations with the government. As early as the second session of the Sixth Assembly, held in the environs of Anglet, France, a polemic had developed between those urging that military action be subordinated to possible negotiations, and those who saw any kind of meetings with representatives of the central government as lacking viability.

In January of 1979, the executive committee of the ETA (p-m) approved two types of actions: kidnappings and attacks on UCD leaders, and a boycott of the state economy. For this second category, an electrician in the organization designed a new percussion-system model for the bombs. By means of a complex electronic gear, bombs could be set to go off with 70 or 80 days' delay. It proved necessary to reduce this period, because tests showed that the explosive deteriorated, and that 20 days was the ideal time lag.

Exactly 4 months after the attempt to kidnap Cisneros which failed, a commando group within the organization, which had come from the south of France a week earlier, broke down the door of the home of Javier Ruperez. According to the information they had obtained, Ruperez should have been on that day, a Sunday morning, sleeping at a hotel on the outskirts of Madrid, where a Latin American party congress was being held. Surprise: the commando unit planned to wait inside until the international relations official of the UCD returned, but the noise they made in getting into the house brought forth a sleepy Ruperez. The man in charge of the kidnapping decided to put Ruperez into the trunk of a red 127 and take him to the Casa de Campo, the large Madrid park. The reaction of those awaiting the exchange was one of some surprise. Ruperez was the only kidnapping victim in the history of the ETA who was transported without the usual security measures: two cars preceding that carrying the victim, which would if they came to a checkpoint turn back to give warning and to lead the caravan along another route.

Problems with Ruperez

When they called France to report that all had gone well, someone in the leadership of the organization conceived the idea of an interrogation. They would obtain information which later, during negotiations, might be put on the table.

One Sunday, using a false identity card, an ETA member crossed the frontier, his assignment being interrogation of the kidnapping victim. When he reached

Hoyo de Pinares, he found Ruperez suffering from a serious nervous crisis. Kidnappings had occurred before, but none of the victims, perhaps because they did not bear political responsibility, had become so agitated. When being taught kidnapping technique, the ETA members were told that the main problem is to make the victim understand that his life depends on his cooperating and mastering his nerves. They had bought him books, kept him calm with tranquilizers, and a week after the kidnapping the questioning began.

"On the day Carrero Blanco died, a group of Spanish emigrants came to my house to see me. They told me what had happened," Jose Maria Lera Fernandez de Muniain, alias "Txepe," stated, "and I rejoiced. Beginning on that day I was aware that it was possible to do something against the dictatorship. Something truly effective. That same day I decided to begin to seek contact with the ETA. It was difficult, because I was in Germany, but when I succeeded, I had the satisfaction of feeling that I was useful. They entrusted me with the organization of the international apparatus."

Ruperez did not say much during the questioning. Rather he said nothing, because the interrogators repeated themselves: most of the talking was done by the man asking the questions. Finally, the sessions became an ideological debate in which the interrogator, new at his task, sought to convince Ruperez that violence was just. After four questioning sessions, the tapes were sent to France. The leadership of the organization obtained only a few reports of limited value, anecdotes without importance, about the personal behavior of some individuals affiliated with the UCD. The information was so skimpy that the recorded tapes were burned and the transcripts were lost when the office was moved.

Ruperez regained his liberty because the government, which negotiated through Ruiz-Gimenez, agreed to the early release of 30 prisoners, the majority of them serving minor sentences.

The Luck of the ETA

Luck has been a constant factor in the history of the ETA. It was luck that a commando unit visiting Madrid, including the highest-ranking leaders, left an athletic bag containing a number of machine guns and pistols in a downtown bar. On discovering the oversight, one of the ETA members returned to the premises and found the bag just where he had left it.

It was luck that shortly after the terrorist action, the key ETA leader, on getting into a taxi on Avenida de la Libertad in San Sebastian, dropped the loading mechanism for his machine gun. The driver heard the metallic noise and commented: "Be careful, or you'll lose your keys."

Still better luck in Vera de Bidasoa, when the police surrounded a group of ETA members attempting to cross the frontier. The ETA members evaded the inspectors, and were lucky enough to encounter an ambulance. They stopped it and forced the driver at gunpoint to get out. With the siren at full volume,

the ambulance halted at the frontier point. The Civil Guards, suspecting nothing, raised the barrier. The entire commando unit succeeded in escaping to France.

The luck ran out when the bombs exploded at the Chamartin resort. The ETA insists that it warned the police well in advance. Some of the members of the commando group even say that they saw national police agents writing down a record of the warnings, but they did not evacuate the public.

After the massacre, the pressure from Euskadiko Ezkerra and the debate within the organization forced them to turn over the plans explaining where the bombs were placed.

The violence on the beaches, they now believe, did not strengthen the position of the ETA for the negotiations it sought. On the contrary, it led the government to harden its position. Today they believe that each of these explosions contributed to delaying the political solution which they already wanted at that time. The bombs were, without any doubt, the beginning of the death throes of the armed struggle.

The definitive beginning of the end was the campaign of attacks on provincial UCD leaders in the Basque country. The attempt to kidnap centrist deputy Franqueira had failed. "He said that no one would take him, and he started firing at the entire unit. This was a unique case in the history of the kidnappings," we were informed by the comrades in France who attempted to kidnap him.

Mass demonstrations, which led to sharp debates within the organization, condemned the assassination of a centrist leader in Guipuzcoa. In the discussions with Euskadiko Ezkerra, the leaders of this political movement urged abandonment of the armed struggle or a suspension of all contact (especially following the assassination of Ryan, for which the "milis" bear exclusive responsibility). A truce was arranged.

Curiously, the dynamic process launched with the attempt to kidnap Cisneros led the ETA (p-m) to abandon the armed struggle.

"On the day they killed Carrero Blanco, I was at my academy, studying, on Claudio Coello Street in Madrid," explained Fernando Lopez Castillo, alias "Txiki." "As I do not concentrate very well, I heard the noise, but no one told me what had happened. Some hours later I was hitchhiking on the outskirts of Madrid in order to get to Vitoria. Opposite Pancorbo, some soldiers picked me up, and they were complaining because they were afraid that they would be called back from the barracks because of the incident. I was not an ETA member then. I joined the organization the day before the execution of Txiki, Otaegui and the FRAP [People's Action Revolutionary Front] group. The death of Carrero marked the date I decided to join the ETA, and beginning then, I sought out the organization. They had shown me that it was possible to deal a blow to the Franco regime."

The Greatest Blow

Parallel with its political activity, and generally involved with it, the ETA (p-m) experienced a problem with the supply of weapons and money. "Our annual budget, on an average, came to about a billion. The money came from the kidnappings for ransom and bank robberies."

Among the actions of the latter type, the most notorious was the robbery of the Herrero Bank in Oviedo. We were assured that this was also probably the most perfect operation carried out by the organization from a technical point of view. Some 14 individuals participated and the preparations took a year. Information was obtained by infiltrating the personnel. Twice the robbery plan failed. In the first case, they were to go to the cashier's home, get him out of bed at pistol point and take him to the bank. The operation collapsed when the cashier's wife screamed like a banshee. The robbers withdrew.

Over such a long period, and given the difficulties the bank robbery posed, the problem of supporting the commando unit studying the operation arose. They stole the money which was supposed to go for the payment of some pensions.

The place where they pulled off the robbery was only about three streets away from the headquarters of the Herrero Bank. The police never suspected that the ETA members were continuing to plan how to get hold of the money which the employees of Esabe Express transported almost every morning.

It was an insane idea. Perhaps no one imagined this could happen because anyone would have said it was impossible. When the head of the commando unit announced how the deed would be done, a number of ETA members thought he was raving. According to the plan, later carried out, it would be necessary to enter the offices as early as possible, wait for the employees, about 350, to arrive, and then eliminate the six armed men who transported the bags containing the money.

The first part of the plan worked to perfection. Shortly before the offices were opened to the public, a group of ETA members entered the premises of the institution, along with the employees. The official in charge stayed at the entrance and, impeccably dressed, he greeted the bank workers. Suddenly, a woman, one of the first to be detained, began to scream. She tried to get out, getting as far as the door opening on the street. The man in charge of the commando unit saw her and approached her. "Madam, what is the matter?"

"There's a robbery going on inside. Do something!"

"Madam, that is impossible. I have been at the door and I have seen no robbers enter. Come with me, we'll have a look."

The woman committed the folly of following the leader of the commando group, who took her directly to the room where the rest of the employees were being held.

During the escape, the lucky star of the ETA continued to shine. A vehicle carrying weapons and money was spotted on a route other than that specified. The Civil Guard, making a spot check, halted the vehicle. The ETA members showed their false documentation, and were allowed to proceed.

Well-Dressed Thieves

The ETA members have always devoted great care to how they dressed for their actions. They say that on one occasion, they read a description of a typical young ETA member in a Civil Guard manual, mentioning a beard, blue jeans and a checked flannel shirt. From then on, it was forbidden for commando unit members to wear jeans. They even say that clothing was one of the items on which they spent most. Trunks full of suits bought in France for even further elegance crossed the frontier.

The day the ETA (military) attacked a general in Madrid, three of the high-ranking leaders of the organization, those in charge of military intelligence and apparatus, were halted at a Civil Guard checkpoint in the province of Guipuzcoa. The guards made them get out of the vehicle, but they were told they could proceed because "they did not look like ETA members."

"Shortly after joining the organization, I was entrusted with the planning of an attack on an important Spanish politician who was to travel to Rome," Txepi told us. "I went from Germany, where I was studying on a scholarship, to Rome. We began to prepare the infrastructure, but during one of my trips, my suitcases were stolen. Everything was gone--money, clothing, papers and documents. They were stolen from us by common criminals, and we decided to suspend everything. If ever I could, I would look into what happened to my suitcases."

In order to prepare for the kidnappings for ransom, they made use of specialized economic periodicals and, above all, the central press. The photographs of some of those who were kidnapped were cut out of HOLA! All issues of the central press, as well as telephone directories, party reviews, lists of deputies and news bulletins from the ministries reached the south of France regularly. Despite what the Ministry of the Interior has said, treasury declaration records were never used.

"The nobility loved to have photographs rich in detail published." A picture cut from HOLA! was used to plan a kidnapping attempt, which failed, with the controversial Marquis de Villaverde as the victim. For the kidnapping of the father of Julio Iglesias, clippings from this kind of periodical were used, as were some falsified press cards.

The first kidnapping for ransom carried out by the ETA (p-m) was that of Arrasate. Because of the small sum obtained, it served only as a rehearsal for future actions. The kidnapping of Serra Santamans, a Catalan industrialist, was a full-scale operation. Not only was the sum of 125 million obtained, but a good system was tested. A member of Serra's family was to take the train from Pamplona to Alsasua. When the train passed certain red banners, he was to throw off the bags containing the money.

It is reported that this family member hesitated before dropping the ransom payment as instructed. It seemed dangerous to him to throw 125 million out the window. Only because the lawyer accompanying him, who had been designated by the captive Serra, took action, did the money fall at the proper place.

Mortal Errors

Apart from the money obtained, the errors committed in the Berazadi kidnapping were corrected. Berazadi's body was found on a secondary road one morning. The decision to kill him was made after four votes were taken. Only on the last vote was the deadlock broken in favor of the ETA plan. Those opposed to the assassination maintained that Berazadi's death would place the PNV [Basque Nationalist Party] in a very difficult position. In fact, judging it from a historical perspective, they believed that this indeed happened. "Berazadi's death paved the way to a clash, until that time carefully avoided, between us and the PNV."

Many factors came together: the family, perhaps for its own reasons, refused to pay the sum demanded. They offered a ridiculous amount. At that time, the ETA (p-m) had just eliminated the revolutionary tax, precisely in order to avoid clashes with sectors close to the PNV, and the organization needed money. In addition to the indifference of the family, the police were moving in toward the kidnap location, and to complicate matters still further, the "berezi" commando units, one of the leading sources of polemic discussion and schism in the ETA (p-m), urged an intransigent position. It was precisely the report passed on by a "berezi" that the police were hot on the trail and would soon locate the kidnap site that led to the execution. This report was later to be proven absolutely false.

Berazadi never knew that he would be executed. They took him from his hiding place and told him he would be moved, and a second later a bullet traversed his brain. Those responsible for the murder were captured and the man who fired the shot died a short time later in a clash with the Civil Guard.

All of the kidnap victims, during the period their involuntary detention lasted, tended to identify with the kidnappers. The most notorious case was that of Suner. "He repeated a thousand times that during the civil war, he was a republican. He caused not the slightest trouble. When we released him, he told us that he sincerely regretted having to go. He promised, although he failed to do this, to send some chickens to the jail." In medical terms this is called the "Stockholm syndrome."

The exception was Abreu. In the information gathered, which was provided by an individual close to his family, it was learned that Abreu liked to drink the better brands of whiskey. As soon as he was taken to his hiding place, they offered him a bottle of excellent Scotch. He refused it. They brought him meals prepared at the best Basque restaurants. He refused them. "The first week all he ate were glasses of milk and omelettes." Throughout the time of his detention, he remained aloof from his situation. He was not interested in the reasons he had been kidnapped, and, despite the discomfort

in the place he was being held, he spent hours doing exercises. When he was released, his farewell words were: "I have lost a few kilos, and I am in better physical shape."

The 325 million paid in ransom for Suner were soon spent. A truce had been declared and bank robberies or exposure in kidnappings which the police could categorically connect with the ETA were impossible. It was decided to plan an operation to kidnap the father of Julio Iglesias, in which the police would find clues suggesting that common criminals were responsible.

It became possible to rescue the kidnap victim because one of the ETA members involved in transporting him told some friends of his who were members of an ETA military commando unit about the details. The "mili" were seized by the police the following day, and they recounted what they had learned from the "poli-mili" commando unit member, and so it was possible to locate the hiding place.

Reasons Considered

The release of the singer's father had greatly to do, it was explained to us, with the reduction in the social base which had previously identified with the ETA.

"The reduction in our social base," Jose Miguel Goiburu Mendizabal, alias "Gohierri," explained, "was by far the greatest difficulty--far outweighing the police, infiltrations or torture."

The ETA admits that a large part of the membership came from the seminaries and the folk traditions groups. These were the main recruiting sources. "Later, beginning in 1979, ever-smaller numbers joined, and those who did so were less intelligent and less well-trained politically and technically."

The first time they had some indication of how much their social base had been reduced was when they appealed, after one robbery attempt, to well-known residents in the Spanish Basque territory. Their response was that they did not want to know anything about it. "It was through these personal experiences that we came to realize the people had abandoned their interest in armed struggle to turn to other concerns. They did not know what had happened in our commando unit, but they were well-informed about the progress of the draft autonomy statutes and the discussions within the Basque parties."

Concerning the efficiency of the police in recent times, the ETA members say that progress has been made. "They are now beginning to be able to distinguish between an attempt by a legal commando unit or one from France. Despite its systematic use, torture is beginning to be relegated to a secondary level, because they have now established a contact infrastructure which enables them to obtain information about us." The members believe that the French police are currently passing on a good deal of information to their Spanish counterparts. "We all learned something after the attack on the Hendayais Bar in December of 1980. The Spanish police learned that they

could not cover these 'uncontrolled elements' eternally; the French learned that it was better to collaborate with the other side; and we learned that while in France, we could be caught."

The Hendayais massacre led to a political response on the part of the French police. Political controls were abandoned, where ETA members were concerned. It was not until after negotiations with the Spanish government, some months later, that they decided to require that refugees register with the commissariats. They are now required to present themselves at the refugees' commissariat every 15 days. If a refugee fails to appear, the Spanish police learn of it immediately.

Crossing the frontier has never been a major problem. Usually, the ETA members cross the frontier in tourist groups. When they went over the mountains, they have had encounters with the Civil Guard on rare occasions. Concerning the deployment of military troops all along the border, they say that this was "absolutely useless. We simply crossed a few kilometers beyond where we knew the military were. The assignment of the military to the frontier was a political rather than an efficient measure. The same was true of the checks on the highways, which never resulted in the arrest of a single ETA member."

The weapons are bought in France, Belgium and Germany. On the black market, they must of course pay prices four times the normal. A pistol costs about 50,000 pesetas and a grenade-thrower costs 500,000. Even so, the most difficult thing was not paying for weapons, but finding someone who could sell the organization a shipment of weapons such as it needed at that time. "Sometimes, the official in charge of purchases spent a year in Belgium on the trail of common criminals. Finally, he had luck in a few instances, and a fellow appeared who could deliver the quantity we needed." The transportation of weapons from the place of purchase to the French Basque territory, the French police say, involved the use of international trucking lines with false documentation. The weapons were shown on the manifests as replacement parts for vehicles.

Txepe admitted that "the police infiltrated a few people among us--only one important one. He was a fellow from Basauri, nicknamed 'El Lobo.' The police promised him a great deal of money, and he approached us and said he could guarantee us houses in Madrid and Barcelona. We believed him and I myself, a native of Madrid, was sent by the organization to prepare the infrastructure. After 15 days they caught me, with a mountain of papers in my possession. I had no idea I had been betrayed. 'El Lobo' continued to work for us, and we sent him to Madrid again. We were preparing for armed actions and we had shifted the staff of our military commando units. We were beginning to suspect something, and we arranged a meeting with this man at which we planned to question him. When we arrived, there were more than 500 policemen waiting for us. No, we do not know where 'El Lobo' is now. I would like to meet him again to compliment him on his work, which I admit was good."

BRIEFS

OIL CONSORTIUM PURCHASE STUDIED--Energy Minister Evangelos Koloumbis said Friday the Greek state may take over a multi-national oil consortium operating Greece's offshore oilfields in the Aegean Sea. Koloumbis said experts are studying purchase of a majority holding in the North Aegean Consortium by the state-owned Public Petroleum Corporation. The Socialist government has pledged to review a five-year-old contract with the consortium in which Denison Mines of Canada holds a controlling interest. The West German Wintershall firm and American Fluorand White Shield Corporations have smaller holdings in the consortium, which prospects offshore and operates five under-sea wells near the island of Thassos. In recent weeks, Greece's state-owned refineries have complained that the consortium wants to raise its price for Thassos crude from 27.5 dollars to 33.5 dollars a barrel. The Aegean fields, which came onstream last year, can produce up to 28,000 barrels of crude daily, covering about 13 percent of Greece's oil requirement. [Text]
[Athens ATHENS NEWS in English 6 Nov 82 p 3]

CSO: 3500/303

SOVIETS SHOW INTEREST IN EXTENDING GAS LINE TO NORWAY

Stockholm SVENSKA DAGBLADET in Swedish 25 Sep 82 p 4

[Article by Morten Abel]

[Text] Oslo--The Soviet Union has put forward a proposal to build a gas pipeline in cooperation with Norway.

The pipeline would extend from the gas fields in the Barents Sea and connect with the pipeline Norway plans to build from Tromso to purchasers in West Europe. An alternative route would take the pipeline through Sweden. The Soviet proposal has not been discussed officially with Norwegian authorities, but interest has been expressed through the Soviet trade delegation.

So far, no representative of the Norwegian Government has wanted to comment on the matter. The Norwegian Government is favorable in general to cooperation with the neighboring Soviet Union in exploiting oil and gas. The government has given Norwegian industry the go-ahead to offer its expertise in connection with the Soviet oil pipeline. A list of goods and services that can be provided by Norwegian industry has been presented, but no specific contacts have been made to date.

But cooperation in building a gas pipeline may be controversial. If Norway responds favorably, there will probably be strong reactions from Washington. The Soviet Union is currently building the world's largest gas pipeline from Siberia to West Europe. Despite the American boycott of deliveries for that project, the pipeline will be completed in early 1984.

If the Soviet Union finds gas in the Barents Sea, it will be simpler to tie it in with a Norwegian pipeline than with the pipeline now being built from Siberia. From the Norwegian standpoint, cooperation might lower the break-even point for Norwegian discoveries in the north, since the cost of building and operating the pipeline system could be distributed among several gas fields.

But even if it becomes a reality, the entire project is still far in the future. So far, neither the Norwegians nor the Soviets have made any discoveries worth exploiting.

11798

CSO: 3650/13

NEW POWER PLANTS LEAD SWEDEN BACK TO MAJOR RELIANCE ON COAL

Stockholm SVENSKA DAGBLADET in Swedish 3 Oct 82 p 6

[Article by Bo Ostlund]

[Text] A Sweden relying on coal for energy will be introduced within 8 years: by 1990, Sweden will be using as much (or as little) coal as it did in the mid-1950's. That is as revolutionary as the Swedish venture with coal is going to get.

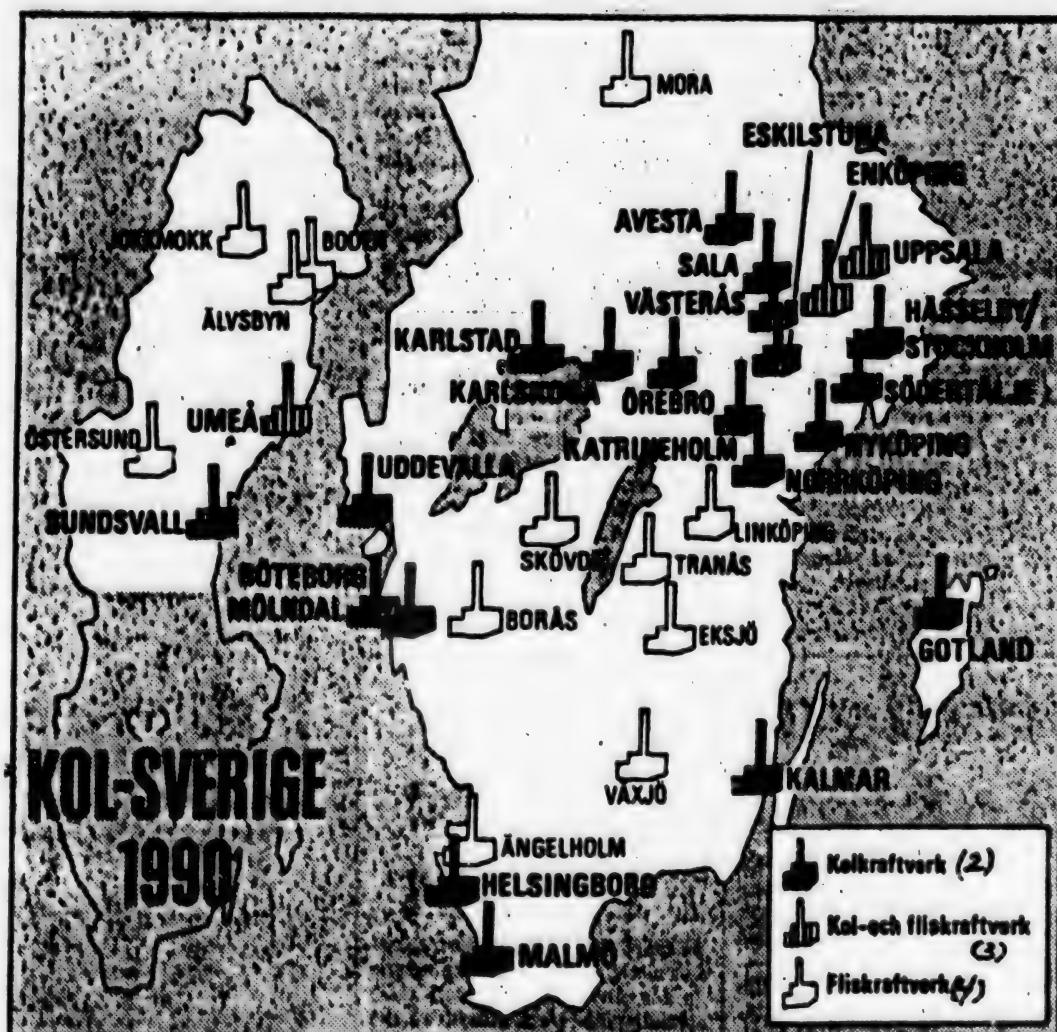
By then--1990--23 Swedish localities will be relying on coal-fired power plants, according to the petroleum-substitution plans drawn up by the municipalities themselves and compiled a few days ago by the SIND (National Industrial Board).

In accordance with Parliament's decision on energy policy, Sweden will make a vigorous effort to free itself of the grip of oil, which economically is risky, to say the least. But in the short term, that will be achieved only partly with the help of coal. To begin with, the dependence on oil will be reduced (through the so-called conversion program) chiefly by using electric power (electric heat and heat pumps).

In that connection, conservation measures (thermostat settings, rotation adjustments, insulation, and so on) are another very big "energy source."

Eventually, according to the decision reached by Parliament and by referendum, we will also shut off the electric power produced by nuclear power plants (which account for nearly half of Sweden's total electricity production), and when that happens, coal may be introduced in earnest--if Sweden's domestic energy sources do not come up to expectations.

This is how the future looks for coal: first, it will be introduced in the 1980's so that by 1990, it will replace the consumption of 3 million tons of oil (this coal will be used only for district heating, not to produce electric current). Then, at a later stage, there will be a concentration on using coal to replace nuclear energy, at which time it will serve primarily to produce electric current. It is hoped that by then, we will be producing heat by burning up our peat bogs, forest waste, and pellets from our energy forests, which should be ready for cutting by then.



The map shows localities where plants have either been decided on or are being planned. The quantity of coal that will be burned in 1990 has been set at 1.8 million tons--a figure no higher than that for Sweden in the mid-1950's.

Key:

1. Coal-burning Sweden in 1990
2. Coal-fired power plant
3. Coal- and woodchip-fired power plant
4. Woodchip-fired power plant

Waves, wind, and solar energy--generally referred to as renewable energy sources--will never play more than a "walk-on" part. They will always be there, but only marginally.

There are jokers in Sweden's energy-policy cards. Future Parliaments may revise everything and allow nuclear power to continue, or they may allow nuclear heat (ASEA and Secure) to be used for district heating. That would reduce the need for coal, peat, twigs, and stumps--and oil.

There is a third joker as well, and its importance may have increased as a result of the election: it is the possibility that one of the four undisturbed rivers in the north will be harnessed to produce hydroelectric power (which is also a renewable energy source).

The Center and Liberal Parties had worked out legislation to protect the undisturbed rivers in the north. The Social Democrats have cautiously begun a debate on whether to "sacrifice" the Kalix River, which, when fully developed, would provide as much energy as a 13th nuclear power plant.

Sometime in the next few days, the new Social Democratic government will lay its cards on the table. Some of those cards will deal with energy investments. That is a promise that was made throughout the election campaign. As a result of the Social Democratic government's proposals, the map of "coal-burning Sweden in 1990," which SVENSKA DAGBLADET is publishing with this article, may be a little darker.

Twenty-Three Plants by 1990

Over the last few days, the SIND (National Industrial Board) has started compiling the local petroleum-substitution plans that the municipalities were instructed by the government to prepare during 1982. If those plans are carried out as intended, Sweden will have 23 coal-fired plants in 1990.

Naturally, those petroleum-substitution plans deal with more than coal. Conversion to electric heat for residential areas and other purposes is a big item.

Some of the 23 boilers will be able to burn forest waste at the same time, and others will use a combination of coal and liquid (coal plus water equals a black "sauce" resembling oil).

The 23 places shown on the map have either already decided on such installations or are planning them. The amount of coal that will be burned in 1990 has been set at 1.8 million tons. Of the plants either being planned or already decided on, about half are new plants, while the others are oil-fired plants that will be converted to burn coal. It is estimated that 75 percent of the goal will be achieved as early as 1985.

The following localities will burn coal: Vasteras, Helsingborg, Norrkoping, Sala, Goteborg, Orebro, Malmo, Sodertalje, Sundsvall, Molndal, Hasselby-Stockholm, Linkoping, Uppsala, Uddevalla, Nykoping, Kalmar, Enkoping, Avesta, Karlstad, Katrineholm, Karlskoga, Gotland, and Eskilstuna.

The following localities will burn forest fuel (some will also burn coal): Vaxjo, Boden, Boras, Eksjo, Enkoping, Jokkmokk, Linkoping, Mora, Skovde, Tranas, Umea (completely peat-fired), Uppsala, Alvsbyn, Angelholm, and Ostersund.

Tests in Four Localities

Large boilers already in operation:

1. Stockholm-Hasselby: Coal is used for district heating.
2. Vasteras: One boiler in operation, with applications pending for expansion.

Large boilers that will begin operation soon:

3. Sodertalje: Sweden's most modern plant is currently being test-fired and will start full-scale operation this fall.
4. Norrkoping: The same situation as in Sodertalje. Its plant will begin full operation soon.

Tests:

5. Helsingborg.
6. Malmo.
7. Nynashamn: Tests are being carried out here with mixtures of coal and liquid--that is, coal is ground to powder and mixed with water or some other liquid to form an oil-like liquid that can be used in district heating boilers designed to burn heavy oil.
8. Uppland-Vasby, as one example, is in line to burn a coal-water mixture, as is Vasteras.

Industry: Coal-fired boilers are used here and there in Swedish industry for industrial processes (furnaces) and for heating.

11798
CSO: 3650/13

BRIEFS

FIRST VOLVO NORTH-SEA GAS--Goteborg (TT)--Volvo Energy has made its first gas find in the North Sea. The site is a block in the middle of the North Sea in which Volvo Energy has 15 percent of the exploitation rights through a wholly-owned British corporation. Gas was found at two levels in an area where drillings began at the end of May. Jan Winge, acting managing director of Volvo Energy, says: "It may be as long as 2 years before we know whether the find justifies the development of a production facility and a gas pipeline to shore." If the deposits turn out to be worth developing, huge investments will be required, since the gas will have to be brought ashore by pipeline. [Text]
[Stockholm SVENSKA DAGBLADET in Swedish 29 Sep 82 p 9] 11798

CSO: 3650/13

OZDAS DISCUSSES PROGRESS TOWARD NUCLEAR FACILITY

Istanbul DUNYA in Turkish 30 Oct 82 p 4

[Interview with Minister of State Nimet Ozdas]

[Text] Ankara (ANKARA AGENCY) -- Minister of State Professor Nimet Ozdas said, "The decision to build the first nuclear powerplant at Akkuyu is final."

Nimet Ozdas said in his statement that at least two nuclear facilities should be built as a matter of principle and therefore the next stage was to plan a second facility.

An interview with Minister Ozdas on this topic follows:

[Question] How many companies have applied to build the nuclear energy plant in Turkey to date and what countries are they from?

[Answer] U.S. Westinghouse, Italian Ansaldo Nuclear Machinery and Swedish ASEA [Swedish General Electric Corporation] participated in the international bidding opened by the Turkish Electric Power Enterprise in 1977 and ASEA was at first selected. Negotiations for the proposed 660-megawatt plant lasted 2 years during which time the credit guarantee provided by the Swedish government expired and, since it would not agree to an extension, negotiations were broken off.

Turkey subsequently received some individual bids:

The U.S. General Electric Company proposed building one or two 1,200-megawatt facilities. The latest discussions held with them were in August 1982 and they promised to deliver detailed technical information and proposals for handling the financing problem soon.

The West German Kraftwerk Union firm brought a preliminary proposal for a 400-megawatt natural current BWR-type reactor which they are just developing, but seeing that this might involve certain problems they then provided technical data on the standard 450-megawatt BWR powerplant. However, when it was found that 600 megawatts is better for our country, they began preliminary studies along these lines. Then, owing to the crisis in the German government in August 1982, it said it could not give the necessary guarantee for the projected credit at that time and negotiations were severed.

Also in August 1982, Canadian AECL [expansion unknown] sent a delegation to Turkey for preliminary research and this delegation presented technical information on Candu-type reactors. At the conclusion of the talks, the delegation said the Canadian government would reach a decision on financing. This decision is now being awaited.

[Question] When will evaluation of the bids start and what standards will be the basis for evaluation?

[Answer] They will be evaluated as soon as the firms, as described above, procure credit sources and deliver firm proposals.

The standards that will apply are:

A safe reactor applicable to Turkish conditions, unit cost and total cost, credit terms, rate of local contribution expected, fuel procurement methods and guarantee, procuring the transfer of technology and contributing to the development of our local technological capacity, conformity with our electricity system.

[Question] Would you give us information on the infrastructure work at Akkuyu where the first nuclear facility is to be built?

[Answer] The decision to build the first nuclear powerplant at Akkuyu is final. This location has been licensed by the Turkish Atomic Energy Commission.

Meteorological and seismic data on this were gathered and evaluated and other studies were completed. The temporary sheds and workers' quarters have now been built. The breakwater, port facilities, social complex excavation and access roads were contracted in a package. Also, drinking water projects have been drawn up and will soon be put up for bids.

[Question] Are there plans to build second and third nuclear facilities? Where?

[Answer] The goals of the 5-year development plan now under preparation call for at least one powerplant between 600 megawatts and 900 megawatts to be built. However, powerplants in a nuclear energy program cannot be thought of in the singular. The principle is to build a minimum of two at the outset. Therefore, the next stage must be the planning of a second facility.

Akkuyu was selected as the region for the first facility. Sinop was chosen as the second favorable site. Studies on this area are in progress.

[Question] Could you summarize briefly the work of the Turkish Energy Commission?

[Answer] The Atomic Energy Commission, as known, was converted into the Turkish Atomic Energy Commission [TAEC] by law no 2690 on 9 July 1982. The appointment of administrators has currently been completed and the commission has become functional.

The TAEC's primary tasks are to devise and propose basic principles and policies for the beneficial use of nuclear energy for the country and to conduct, coordinate and supervise theoretical and practical nuclear research. The commission will also apply and develop radioisotope technology for medical, agricultural, veterinary and industrial uses. In addition, it will train personnel for the nuclear program and be responsible for the licensing procedures and safety of nuclear reactors. As you will see, the TAEC is the licensing authority in our country. It will issue the permits required for building nuclear facilities and will oversee the builder.

8349

CSO: 3554/42

FIRUZ URGES STIMULATION OF COAL PRODUCTION

Istanbul DUNYA in Turkish 18 Oct 82 p 8

[Text] Behzat Firuz, former undersecretary of the Ministry of Energy and Natural Resources and president of the Turkish Union of Mineral Exporters, has issued a call on matters such as preparation by the mining sector of effective projects for coal mining in particular, management discipline, increased credit and attracting foreign capital. Firuz asserted that infrastructure and services were far below the level needed for development of the coal industry, that the state has very important tasks in Turkey and that the most important of them is to enable private capital to help itself. "If the state takes its place at the side of the private sector, it will lead to increased production, consequently, passage of Law No 2172 [on state operation of mines], described as a victory, and similar laws should never be attempted," he said. Stressing the need for decontrol of the areas not being worked despite being in the jurisdiction of the mining institutes and organizations and for getting them into production, Firuz made the following proposals:

"Special incentives for the coal sector whose share of the risks in investments is very large would bring recovery to the sector as well as industrialization and development. Therefore, policy practices prohibiting development of the sector should be discontinued. However, while article 159 back in Law No 6309 [Mining Law] envisaged a nationwide mining control organization and the establishment of it within 6 months, this provision has not even been carried out 28 years later."

Noting that rights obtained for long-term mineral investments must be firm and that the idea of nationalizing these areas creates uncertainty, Firuz said, "If operations of this sort which are not working at full capacity under the SEE's [State Economic Enterprises] were turned over to the private sector, it would raise production."

Firuz also proposed "credit support" among the views in which he called for proceeding to take advantage of foreign capital for such matters as realizing large investments, obtaining advanced technology, improving training quality, locating international markets, effective exportation and positive contributions to the balance of payments. Then in the section of his proposals dealing with management discipline, Firuz noted the following:

"By reducing the number of personnel and workers to the level necessary, fewer workers will be employed and the cost for underground labor, a labor-intensive activity, can be reduced 60 percent-70 percent. Laws 440 and 6974 must be amended to conform to current circumstances. A special personnel law for the SEE's should be written and promulgated to replace Personnel Law 657. Moreover, policy should be modernized to allow proper compensation for technical personnel and tax exemptions for underground work."

Firuz also referred to coal utilization in subsequent sections by his proposal package. "Coking coal should be provided only to the steel industry and, at new facilities, low coke-producing coal should be used in a 15-percent mix. The State Railways' coal requirement should be reduced to a minimum and no electric power plants should be provided coking coal," he said.

Behzat Firuz called further for "incentives for building coal-based ammonia fertilizer plants in Turkey."

8349

CSO: 3554/26

REFINERIES SLATED TO RECEIVE AUTONOMY FROM TPAO

Istanbul MILLIYET in Turkish 18 Oct 82 p 1

[Article by Nilufer Yalcin: "Refineries Being Removed from TPAO Structure"]

[Text] At a special meeting to be held on Wednesday, 20 October, the Turkish Petroleum Corporation [TPAO] will comply with the condition of "taking the refineries out of the TPAO structure," set by the World Bank in exchange for \$87 million in credit. The TPAO will thus lose a large part of the financing opportunities it obtained from the refineries for carrying out oil exploration and extraction in Turkey and from now on will reportedly depend on government appropriations to the company in annual budgets and will reduce rather than increase its oil exploration activities.

At the special meeting, the TPAO director general will be authorized to "turn over" the Batman and Aliaga refineries and the Central Anatolia refineries expected to begin operation soon. These refineries will be attached to IPRAS [Istanbul Petroleum Refinery Corporation] and a separate "refineries directorate general" will be created under the Energy Ministry.

TPAO administrators, reluctant to break off their organic and financial ties with the refineries, are suggesting a different alternative as regards compliance with this condition:

"Let the refineries in Turkey be gathered under one roof called the 'Turkish Refineries Corporation,' like the TPAO, but let the capitalization of this company be formed as an autonomous company belonging to TPAO as was done in the cases of the Pipelines and Petroleum Transport Corporation, the Petro-Chemical Corporation and IKSES [expansion unknown]."

This development is one that will tie the hands of our national petroleum company and was begun at the time of the RPP government in 1978 with an application to the World Bank for a special project to increase the amount of heavy crude [produced] in Turkey's Bati Raman area.

At that time in the throes of an economic crisis and at the limit of its foreign exchange, Turkey had reached the point where it could no longer pay for the crude oil it was importing and had turned for solutions to upping domestic oil production. The heavy crude project in Bati Raman was one of them and it was

studied on site by World Bank experts. It also involved looking into the financial status of the TPAO. The Liquid Fuel Stabilization Fund was not yet in operation at that time and, because the refineries were unable to make a profit, the TPAO was suffering big losses and was able to operate only by the great deal of support it received from the state.

Seeing this situation, the World Bank set several conditions for giving Turkey credit. The first condition was "to convert the TPAO into an organization which would refrain from refining and similar operations outside the exploration and extraction activities which are its basic task and which would, like similar companies elsewhere in the world, be oriented toward procuring the financing it needs only from the petroleum it extracts and sells." Even if the refineries suffered steady losses owing to the high price of crude oil purchased abroad, this damage would not affect the TPAO. Discussion of the conditions comprising this and other similar administrative measures began in 1978 between the TPAO and the relevant ministries of the Turkish government and the World Bank. The discussions continued during the minority Demirel government which later came to power and were approved in principle. Then the information on the importance of this agreement provided the military administration which took office after 12 September ended in conclusion of the agreement between the administrators and the World Bank.

Yet the situation has completely changed since 1978 and the TPAO refineries have become profitable operations.

After authorization of the director general to turn over the refineries, with the support of the Ministry of Finance representing the government on 20 October, only up to one-fourth of annual refinery profits can be transferred to the TPAO.

According to information obtained, although the TPAO, deprived of refinery income, requested a budget of 31 billion liras from the government in order to open wells in two new oil fields, 70 percent of this amount was cut and only 9 billion liras were appropriated. The TPAO is known to have had high hopes, planning to open and bring into production 20 wells this year in the Mehmet Dere and Karaltepe areas, and to have accomplished the opening of one well for this purpose in as short a time as 45 days. The annual contribution to the Treasury of each producing well, moreover, is figured at \$2.16 million.

According to qualified experts, "although everyone understands and talks about the importance to Turkey of finding and extracting oil, this decision which renders the TPAO inoperable even in these new areas will very soon either turn the TPAO into another Mining Research Institute or place an unbearable burden on the Treasury. Furthermore, within the framework of a directorate general attached to the Energy Ministry, the refineries may become barren and unproductive and may end up confronted by some such situation as being turned over to the private sector."

8349

CSO: 3554/26

ECONOMIC INDICATORS SIGNAL POSSIBLE UPTURN

Brussels SPECIAL/L'EVENTAIL in French 22/28 Oct 82 pp 22-23

[Article by Y. S.: "Belgium as it Goes..."]

[Text] The last economic growth memorandum from the Federation of Belgian Enterprises [FEB] is very informative; apparently, the current situation of the Belgian economy offers several indicators which signal a beginning of recovery.

Industrial production (construction not included) in the first semester of 1982 went up 2.7 percent compared to the same period in 1981. The value of exports for the first 7 months of 1982 has gone up 17 percent compared to the corresponding period in 1981; in July 1982, the experts even recorded a trade balance surplus which has not been seen since 1979. Furthermore, investments have gone up 6 percent during the first semester of the current year. When you look at the situation prevailing in our neighboring countries, you will note that the increase in the number of unemployed remained moderate. The February devaluation and the measures of income moderation implemented by the Martens-Gol administration have resulted in an improvement of the competitive position of Belgium. The interest rates are oriented toward a decline. It was possible to limit the price increase following the devaluation, but the handicap of the inflation rate remains significant; the position of Belgium with regard to the FRG and the Netherlands will be even more delicate in 1983.

Among the negative indicators, one should note the reduction of private consumption which threatens to influence the activity of those sectors operating primarily on the domestic market. On the other hand, the public debt continued to rise, to pass the 3 trillion franc mark at the end of August. Finally, the financial situation of the enterprises remains worrisome. As a matter of fact, if one does not take the steel industry into account, the net productivity of the specific resources of industry has decreased from -3.7 percent in 1980 to -16 percent in 1981 (from +5.4 percent in 1980 to -3 percent in 1981).

Metallurgical Industry

The automobile industry is the most active sector of metal manufacturing; the production sells well and the level of investments is clearly in progress.

The overall prospects of the "metal manufacturing" sector are sad; the weakness of the international markets is largely to blame. Observers have noted a positive element, specifically a deceleration in the growth of reference wages; on the other hand, the price of raw materials continues to go up. The latest available figures seem to confirm an overall progression of the production level of the "non-ferrous metals" sector; the budgetary year 1981 was very mediocre. If factories are starting to run again, that does not necessarily mean a return to productivity; the demand for zinc remains very weak, and the cobalt market is at its lowest. However, in this difficult context, the FEB notes that the non-ferrous metals industry can stock up more easily and under more advantageous conditions. As a matter of curiosity, let us note that the germanium market is in full expansion.

Exports remain by far the prime mover of activity in the chemical industry, but one perceives a settling in orders from EEC countries. In distant markets, competition is becoming tougher and purchases more fragmented. Sale prices have progressed slightly, but the price increases for raw materials resulting from the devaluation of the Belgian franc and the rise of the dollar could not for all that be passed on completely. The struggle is also becoming more intense on the Belgian market where imports at low prices or even at dumping prices (from Eastern countries) are causing a halt (or even a decline) in the process of readjustment of Belgian prices in function of the cost price.

The turnover in the lumber industry has experienced a slight increase in value over the last few months; the FEB attributes this progress to an increase in the volume of exported lumber. Lumber industrialists sell more easily abroad because of the fact that the Belgian franc has been devalued, but the professionals at the same time hoped to see a reduction of the imports which are overrunning the Belgian market. Experts have noted that the effect of the slowing down has not been as significant as expected. Forecasts for the fourth quarter of 1982 are rather favorable for sectors which do not depend on the construction industry, such as furniture manufacturing. This way of seeing things must be taken for what it is worth; the results in the furniture sector, to cite but one example, are very much linked to the success of the trade fair, which is to take place in November.

In the subsectors which depend on the construction industry, the analysts do not expect a significant recovery of economic growth before the end of the year.

The majority of the economic growth indicators point to a satisfactory development of the textile industry; the manufacturers are starting to invest again and the unemployment rate has become stabilized. Only the evolution of our imports is worrisome; compared to the first semester of 1981, the value of imports has risen by 15 percent over the first 6 months of 1982. The increase is largely due to the effects of the devaluation of the Belgian franc which pushed prices upwards.

For several months now, the clothing industry has been living in a paradoxical situation. Forecasts relative to consumer demand are rather negative; however, dealers report a reduction in their supply orders both in Belgium and abroad.

Conversely, the industry is in full swing: orders in the domestic and foreign markets are so numerous that the industrialists are studying the possibility of creating new jobs in the sectors "leisure clothing," "work clothing" and "outer clothing for ladies." Belgian rainwear has apparently improved its position on the foreign markets.

However, the entrepreneurs are wondering if the income moderation will not be translated in the next few months by an overall slowdown of sales and of production.

8463

CSO: 3619/10

NEW PRESIDENT FOR THOMSON-CSF

Paris LE NOUVEL ECONOMISTE in French 23 Sep 82 p 73

[Article by A.-M.R.: "The Gomez Empire"]

[Text] A new generation is taking over: On September 8--4 days away from his 62nd birthday--Jean-Pierre Bouyssonnier "resigned" as chief executive officer [CEO] of Thomson-CSF. Alain Gomez, who at 43 years of age is the youngest CEO of a nationalized enterprise, thus takes over as head of the entire Thomson-Brandt group, a manufacturer of popular consumer articles, and CSF, its subsidiary with 42 percent ownership, specializing in business equipment. In all, 44 billion francs in sales volume, 130,000 employees, and ... 180 million francs in losses last year.

This marks a unified leadership, but also a unified, and considerably rejuvenated, headquarters. The six functional departments will now all come under Brandt and CSF: the scientific and technological department under Michel Carpentier; commercial affairs under Gerald Cauvin; information under Jean-Daniel Pigasse; finance under Christian Aubin; legal and social matters under Pierre Cabanes; and, planning under Jacques Noels, the former CEO of Texas-Instruments France.

The six operational branches (there were some twenty before) are all headed by the "old guard" of the company: Jacques Fayard remains at the head of the "mass consumer" sector and Jacques Darmon is in charge of communications. Alain Bougault will head the systems and detection branch, Henri Starck will be in charge of electronic components, and Jacques Fournier medical equipment. As the head of the industry and engineering branch has not yet been appointed, Mr. Gomez will take over temporarily. Pierre Mestre and Jean de Mercey are availing themselves of their right to retire. Pierre Aigrain (former state secretary for research) will become an advisor to the president.

9805

CSO: 3519/20

DELORS EXPLAINS POLICY ON FREE-MARKET COMPETITION

Paris LE NOUVEL ECONOMISTE in French 27 Sep 82 p 93

[Interview with Jacques Delors, French Minister of Economy and Finance; time and place not given]

[Question] You advocate competition and yet reinstitute price controls. Isn't this contradictory?

[Answer] I am sticking to the policy outlined in June 1981, namely, to stimulate competition wherever it plays an effective role. Otherwise, we apply the contractual policy between the government and the organized professions, on the understanding that either they are in a position to provide some sort of self-regulation, or, failing that, it is the government that must resort to controls.

These rules do not stem from a doctrine of mine, but rather they are the result of what I learned from experiences during the period of total price freedom from 1978 to 1981. It had its positive aspects, particularly for industry, services provided to industry, and competition in consumer goods between the various distributors. And it had its negative impact, basically on services and in the previous government's reluctance to enforce the recommendations of the Competition Committee or to tackle the powers of micro-economic practices.

Implementation of these policies has begun to give good results, with new seasonal price rises of 0.8 percent in May 1982 and 0.7 percent in June. But it was not enough in comparison with the results recorded in Federal Germany and with the highly negative expectations of exchange market brokers.

This is what led to the indispensable electric shock of the freeze of prices, so that inflationary detoxication can affect all economic agents. But the freeze also was applied to income—which other countries regard as very courageous—so as to influence the main component of price competitiveness, production costs. They were increasing too rapidly, despite excellent advances in productivity during the first half of the year.

If the international economy had revived, we probably would not have had to resort to this drastic remedy. But we must never forget that the Giscard-Barre policy never dared to tackle this central problem: recovery from the second oil crisis, with all its consequences in terms of growth and standard of living.

[Question] Isn't there a danger that the "government as boss" might disrupt competition through its dominant position?

[Answer] Next to public enterprises in the competing sector, there will always be at least two domestic producers--and let the best one win! Not in terms of a "K.O.," but in terms of market shares. International competition will be there to bring into line those with a tendency to doze off.

As for agreements between French firms regarding prices or the "a priori" distribution of markets, they are and will be condemned. I made an example recently in the fertilizer industry.

However, a "conflict of duties" could arise between the constraints of competition and the requirements for survival. The steel industry in Europe is an example.

As for government prices, the government must reconcile two needs: to provide an example by helping bring down inflation, which will be done; and, at the same time, to bear in mind world energy prices, for gas and electricity and for oil.

[Question] Isn't the reconquest of the domestic market just an easy alibi for interfering with competition?

[Answer] The reconquest of the domestic market is a kind of "Marseillaise" [national anthem] for our economy. The socialists sing it. Mr. Ceyrac and Mr. Gattaz do as well. We must mobilize; this is the message to meet the new requirements of the world economy that governs our market and others.

We need to catch up in consumer goods and capital goods industries by innovation, investment, and organization of labor. We need to make money by expanding volume and not by periodic and almost guaranteed price increases.

All this is illustrated in the discussions between Mr. Jouven, director-general of the Competition Committee, and the professionals. There are those who are contributing to the fight against inflation by voluntarily becoming part of a plan to progressively end the freezes. They are ambitious and competitive. And then there are also unfortunately the perennial spongers, incapable of controlling their production costs. They should try to leave their place to other more dynamic and responsible managers.

[Question] What are the best ways to combat anti-competitive practices?

[Answer] By improving competition, first of all. The par value of the franc is good from this standpoint. Macro-economic policy should help bring down relative costs and improve financing, and the rest depends on developing new products, effective commercial services abroad, labor and capital productivity--and better cooperation between French industry and major distributors. Industry should meet consumers' needs. But distributors must stop their abusive practices vis-a-vis producers.

Just as important is a strengthening of those policing competition, with the expanded powers of the Competition Committee, the additional activities of my staff, the increased transparency of markets, subsidiaries and prices, and finally a patient and tenacious struggle against the structural causes of inflation.

9805

CS0: 3519/22

COOPERATION WITH BULGARIA SEEN INTENSIFYING

Salonica Port Use Viewed

Athens TA NEA in Greek 14 Oct 82 p 20

[Text] The Greek government is studying Bulgaria's proposal for all expenses for modernizing Salonica's port in exchange for permission to use the port for transiting its foreign trade.

This was announced yesterday by the Deputy Minister of National Economy, I. Pottakis, who said that the modernization of Salonica port requires construction projects and the procurement of the necessary machinery (cranes, etc.). He added that some of the machinery will be of Bulgarian manufacture.

It is estimated that if the Bulgarian proposal for such a project becomes a reality, Bulgaria will be moving 1.5 million tons of goods through Salonica port annually.

This means that Bulgaria will reduce its transports through other routes (Turkey, etc.) and, according to our information, will suspend its plans for transportation projects at the Black Sea and elsewhere.

The expense for modernizing the Salonica port will depend on the plans that will be submitted by the Greek government, if it finally accepts the Bulgarian proposal.

Cooperation Field Detailed

Athens ELEVTHEROTYPIA in Greek 9 Oct 82 p 15

[Excerpt] The immediate establishment of mixed enterprises in Greece, the legislated obligation by Bulgaria to prefer Greek products and the development of cooperation in searching for mineral deposits, in tourism, etc., are the results of the talks Deputy Minister of National Economy Giannis Pottakis had in Sofia, within the framework of the Mixed Intra-Ministerial Committee that met from 4 to 7 October.

In summarizing the results of the talks, Pottakis, said that Bulgaria has decided to make the Agreement for Long Term Cooperation equal to a law. This agreement was signed in Varna by Andreas Papandreou and the President of

Bulgaria. This means that all the importation agencies are obligated to give preference to the importation of Greek products.

In the industrial sector: Bulgaria announced officially that it will buy at least 100,000 tons of aluminum when the new factory is built in Greece.

It was also decided: To establish immediately a mixed enterprise for producing citrus juices and exporting 70 percent of the production to Bulgaria. The immediate establishment of a mixed enterprise in Kavala for processing fish and for exporting it to Bulgaria. The expansion of the cooperation for lathe production and the full use of the productive power of the Greek foundries. The establishment of a mixed unit for fattening animals in Greece and exporting them to third countries.

The Bulgarian side has assumed the responsibility to supply Greece with the amount of electricity needed in the coming years. Cooperation in the lignite business was also discussed, as well as mining research, the construction of storage spaces for various products, agricultural, industrial, mineral, etc.

9346

CSO: 3521/43

DOUBTS EXPRESSED ABOUT KUWAIT VISIT RESULTS

Athens MESIMVRINI in Greek 13 Oct 82 p 1

[Article by K. Kolmer: "The Socialists' New Safari"]

[Text] Minister of National Economy, Gerasimos Arsenis, narrates this anecdote: "When I went to an African country with a group of experts to help its government in the transition to socialism, after finishing our good work--we got a little tired--we decided to go on an excursion to the interior of the country with an automobile of western manufacture. The automobile broke down in the desert and we thought of calling a technician who was a member of our group and who had been given the task of establishing an automobile industry. We called him that night to see if he could fix the automobile. He complained about it and told us: "That is out of the question (for me to fix it). I do not know anything about engines. I am a theoretician of automobiles and I cannot even open the hood of the automobile".

This story is indicative of the theoretical abilities of the socialist economists and their practical potentialities. And it comes to mind because of the trip Prime Minister Papandreu made to Kuwait.

This trip follows the ones to West Germany and to Algeria, when at the time we heard that "rivers of investments" had been secured and agreements were made on a considerable number of orders for Greek products. Even though quite a few months have gone by since then, we saw neither the abundance of German capital, nor the Algerian orders. The socialist promises have been exhausted into theoretical talk.

The product of the socialist safari in the deserts of Kuwait will be richer with the assignment of Kuwait housing programs to Greek technical companies, with the transfer of Kuwait deposits to Greek banks "to reinforce the Greek foreign exchange reserves", and with the grant of a 300-million petrodollars to Greece.

First of all, we will remind our socialist administrators that the economic advisor of Kuwait is not a third world service of the United Nations (of the UNCTAD type) but the Agency of International Development that is a subsidiary of the International Bank which together with the International Monetary Fund are the vigilant guardians of international capitalism, as Arsenis would say. And we need AID's approval to undertake any studies in Kuwait.

Secondly, Kuwait has only 1,250,000 residents of whom 250,000 are Kuwaitis and 1,000,000 aliens. Therefore the Kuwait housing programs are restricted and budgeted at very low prices. Unfortunately, we have dealt with Kuwait too late, despite our pro-Arabism.

There is, however, the hope that Kuwait will finance the petrochemical factory of Kavala. But the petrochemical factory does not need financing. Perhaps it would be preferable to tear it down and throw it into the abyss of dead investments. Because, according to all objective projections, it will be in the red from the first day of its operation.

Finally, there is the idea of Kuwait deposits in Greek banks. We would advise more caution to the PASOK government. It should not rely on such easily changeable accommodations in case it finds itself confronted with a surprise development and supports the economy of the country on vain hopes.

Finally, as far as the 300-million dollar loan from the Bank of Kuwait is concerned, it is acceptable as long as it has good terms and does not belong to the category of unsafe loans. Because, fortunately, Greece still has the ability to borrow enough hundreds of thousands of dollars for 1 percent above the prime rate in London, without risking the credit rating of the country. On the other hand an...Arabic-type loan could upset seriously our position in the international money market.

Consequently, what remains from the socialist safari? That among our socialist economists there is no one practical person, but many theorists. And yet, as Mr Arsenis would tell us: "the time has come to talk about practical subjects".

9346

CSO: 3521/43

LATEST UNEMPLOYMENT STATISTICS REPORTED

September Figures

Athens I AVGI in Greek 13 Oct 82 p 1

[Text] There was a large increase in unemployment in September, according to information OAED [Labor Force Employment Organization] published yesterday.

There were 31,786 registered unemployed persons, 43.1 percent more than the same month last year, while those who registered for the first time were 14,570 or 134 percent more than in September 1981; 16,897 persons were discharged in September, 2.2 percent more than last year. The unemployed persons who received unemployment compensation were 15,453, or 15.4 percent more than last year.

On the contrary, the unemployed persons who were hired were 11.7 percent less than last year, while the vacancies (that employers offer through OAED) were 41.8 percent less than last year.

According to the same source of information, the number of registered unemployed persons from January to September 1982 increased by 13.3 percent compared to the same period last year, an average of 46,868 unemployed per month, a number equivalent to 3 percent of the labor force.

As is known, and as the present OAED administration admits, the statistics of the organization do not reflect the overall unemployment for which there is no accurate information, but it is estimated to be 6-8 percent (6 percent comes from a study made by EEC in Greece last year and the 8 percent from the supposition that it has increased since then).

The way the number of registered unemployed persons in OAED is going, however, showing a sudden increase during the summer months, especially in September, as compared with last year, is indicative of the unemployment aggravation in Greece.

EEC Figures

Athens I VRADYNI in Greek 16 Oct 82 p 14

[Excerpt] Unemployment in Greece during the last 12 months has more than doubled, already having reached 15 percent of the active population, according to official EEC and OECD information.

This sad news was announced during the discussion in the Euro-Parliament of the report on the unemployment crisis in EEC countries by [Greek] Employment Committee Chairman Evstr. Papaevstratiou. The discussion ended yesterday.

9346

CSO: 3521/43

PRIVATE SECTOR ALARM GROWS OVER BANK POLICY

Istanbul DUNYA in Turkish 19 Oct 82 p 1

[Text] As the weakness in the banking sector begins to assume crisis proportions for the banks themselves, concern is being expressed by private companies which have to rely on the banks for credit. Leading private sector institutions have submitted to high-level government officials several proposals envisaging the lowering of credit costs. The proposals generally focus on the fact that, as a result of the tight-money policy, the national income is not at a level to produce real savings and, consequently, the banks' resources are not rising at a rate which can meet the companies' demands.

Primary among the problems emphasized by the private sector is the view that "rising demand accompanied with insufficient supply are causing increases in interest rates, which is a measure of the price of money, and, consequently, in the cost of credit." It is also emphasized that, in addition to the solvency problem, the deteriorating financial structure is causing an increased demand for new resources. Private sector representatives agree that the rising financing burden is affecting not only investments but also industrial production and that, furthermore, operating capital balances are deteriorating.

Stating that cost increases arising from resource shortages and high interest rates are also causing higher business risks, the reports claim that, in the final count, "both the banks and the companies are being pushed into a crisis." Higher business risk affects the banking sector from a perspective of "loan productivity" and "resource cost," while the companies are affected from a standpoint of "credit cost structure."

Table 1 shows the breakdown of the cost of various loans according to figures compiled by the private sector.

In medium-term and long-term loans, the banking sector appears to be using Central Bank resources through the discount loan path instead of using their own credit resources. The companies, on the other hand, favor bond-based short-term loans to meet their operating capital needs. Under this arrangement, interest payments are made every 3 months, and the compound interest effect raises the cost of short-term credit from its nominal value of 48.05 percent to an effective 57.42 percent.

Table 1. The Structure of Nominal Credit Costs (percent)

	<u>Sectoral long-term loan</u>	<u>Sectoral medium-term loan</u>	<u>Short-term loan</u>	<u>Short-term export loan</u>
Interest	41.00	38.00	36.00	31.50
Commission	2.00	2.00	2.00	2.00
Expense share	0.75	0.75	0.75	--
Bank's share	43.75	40.75	38.75	33.50
Fund share	4.10	3.80	3.60	3.15
Expenditure tax	6.45	6.00	5.70	--
Interest difference return	(16.40)	(15.20)	--	(7.875)
Government's share	(5.85)	(5.40)	9.30	(4.725)
Company credit cost	37.90	35.35	48.05	28.775

Furthermore, the banks' increased reliance on the practice of blocking funds is raising the firms' effective credit costs even higher. For example, when 20 percent of a firm's funds are blocked, its effective credit costs rise to 75.00 percent; when 25 percent are blocked, the costs rise to 81.17 percent and when 30 percent are blocked, the costs rise to 88.42 percent.

All reports submitted by the private sector to high-level government officials demand the elimination of all factors which raise the cost of credit from a nominal rate of 48.05 percent by as much as 40 points. It is also known that the resource cost of the banks has risen from 22 Turkish liras per 100 Turkish liras of deposits in August 1981 to 31.45 Turkish liras today. This means that to break even the banks must block 21.95 percent of a debtor firm's funds.

Furthermore, various new methods have been proposed in connection with cost and productivity structures and money-credit mechanisms out of concern that a drop in interest rates on savings deposits--currently 50 percent gross, or 37.5 percent net--may have adverse effects on the depositors and the banks' revenues. One of these proposals is within the framework of "credit cost structure." It envisages:

- 1) the reduction of banks' share in credit costs, meaning a reduction in interest rates; and
- 2) the reduction of the government's share in credit costs, meaning a) a reduction in the fund share and b) a reduction in expenditure taxes.

The second proposal is within the framework of bank costs and productivity. It envisages:

- 1) the reduction of resource costs, meaning a) a reduction in interest rates on fixed deposits and b) an increase in interest rates on the banks' deposit requirements with the Central Bank; and
- 2) raising the credit volume, meaning a reduction of the banks' deposit requirements with the Central Bank.

Other proposals include: increasing the regulatory functions of the monetary authorities; insuring that the Central Bank performs its functions and meets its commitments in accordance with the laws on the Central Bank and other banks; introduction of a system which will determine the distribution of credit among various sectors; and formulation of a system whereby bank executive councils regulate their own institutions and the banks and the Central Bank jointly decide on a balance among interest rates, resource costs and loan productivity without disregarding the economic conditions of the country.

It is reported that work on the reports submitted by the private sector to high government officials--in order to prevent the spreading pessimism in all sectors from turning into a crisis--will intensify in November and that concrete decisions will subsequently be announced.

9588

CSO: 3554/27

TURKISH SHIPBUILDING INDUSTRY LACKS DIRECTION

Istanbul TERCUMAN in Turkish 13 Oct 82 p 5

[Report by Tulin Koksall]

[Text] It is reported that shipbuilding projects are not being prepared by qualified technicians and that no institutions exist to oversee these projects. It is also claimed that the unplanned development of the shipbuilding industry may lead to shortages of ports and seamen.

Stating that the shipbuilding industry is receiving significant support from the government, Cavit Bastas, an official of Anatolia Shipyards, A.S., said: "Although the government has been encouraging this branch of industry, full use is not made of the 'GISSAT' [expansion unknown] fund of the Turkish Maritime Banking Corporation. Shipbuilding investors provide 10 percent of the total investment required from their own resources and get 25 percent from this fund and the rest from the Central Bank."

Bastas noted that since the completion of the Pendik Shipyard the private sector has lost several shipbuilding projects to this shipyard. Bastas said: "This shipyard is the most serious competitor confronting the private sector."

Ercument Kafali, Director General of Kok Shipbuilders, said that shipbuilding is a heavy industry activity. He said: "Today, there are around 40 to 45 shipyards in Turkey. In Tuzla alone, there are 23 shipyards, of which 19 are used for building new vessels and 4 are used for repairs and maintenance."

Kafali continued: "At a time when the world shipbuilding industry is at a stagnation point, the industry is being encouraged in Turkey. The reason is that there is a desire to reduce our freight bill by carrying our exports and imports on our own ships. Today, the most important problem this industry is facing is financing."

Taskin Cilli, Chairman of the Research Committee of the Turkish Lloyd Foundation, said that Turkey is encouraging an unplanned shipbuilding industry. He said: "The fact that the shipbuilding industry is being developed with the domestic market in mind is going to cause bottlenecks in that industry in a few years. Consequently, individuals who are investing in this area must prepare now for production methods

which will be competitive on international markets. When the needs of our merchant fleet are filled, investments worth billions of Turkish liras must not be let to go to waste. The 43 private-sector shipyards currently operating in Turkey must be fitted with modern equipment."

Stating that shipbuilding projects worth billions of Turkish liras are being designed by unqualified individuals, Cilli said: "Not only are projects being drawn up by unqualified people, there are no institutions to oversee the projects. Prior to 1972, projects used to be inspected by the Chamber of Marine Engineers. Now, a few projects on the market are being photocopied and sold to prospective investors. This practice must be stopped immediately."

Recep Kalkavan, Executive Council Chairman of Ozsay Marine Transport, A.S., said that the shipbuilding industry is receiving significant support from the government. He said: "Turkey's biggest problem is the shortage of ports and qualified seamen." Kalkavan continued: "In Turkey, there are no ports with adequate loading and unloading facilities. It is impossible to find cranes in our ports. It takes 10 to 15 days to load or unload Turkish or foreign ships. We must first take care of the deficiencies in our ports. Furthermore, Turkey now has a chronic shortage of qualified seamen. Someone who gets a port license as a cabin boy can take examinations and become a coastal captain within 3 years."

9588

CSO: 3554/27

SEE'S RAISING INDUSTRIAL RAW MATERIAL PRICES

Istanbul DUNYA in Turkish 26 Oct 82 p 1

[Article by Y. Handan Gorgunay: "Prices Raise Costs"]

[Text] Industrialists are complaining more and more that their costs are rising owing to high prices charged by the SEE's [State Economic Enterprises], especially those which are major raw materials producers. Industrialists want legal restrictions lifted on the import of a series of raw materials, primarily iron-steel, plastics, tinplate and paper, and want imports deregulated.

Asserting that the SEE's can charge what they like for the raw materials they produce as they enjoy monopoly status in their own areas, industrialists say that banning or imposing legal restrictions on the importation of these products to protect domestic production puts the manufacturer who has to meet his needs exclusively on the domestic market in the position of having to accept the prices offered and operate with high costs. It is noted in particular that high raw material prices put the exporter, with high costs at the outset, at a disadvantage on world markets and that it may be possible to bring them down in the climate of competition that would obtain should imports be deregulated.

Plastics Level

Prices charged by PETKIM [Petro-Chemical Corporation], the only raw material producer in plastics, are much higher than world prices. Polystyrene on the world markets is \$900 (162,000 liras) a ton, polyethylene is \$800 (144,000 liras) and propylene is \$800 (144,000 liras), while PETKIM charges 297,500 liras for a ton of crystal polystyrene and 247,500 liras for a ton of polyethylene. Plastics industrialists say that, with its advantage of monopoly status, PETKIM sets prices "as if they had customs duties on them." They insist that this not only raises prices on the home market, but also is an important deterrent to exports. Noting that it is impossible to raise domestic prices considering the current low demand, plastics industrialists contend that PETKIM is one source of the crisis in the plastics industry. Looking at the price trend in plastic raw materials, one sees this development: The average price per kilogram in early 1979 was 12 liras, which rose to 211 liras by the end of the year. Imports were deregulated at the beginning of 1980 and, though PETKIM's per-kilogram price at that time was 233 liras, the private sector was able to import plastic raw materials at a per-kilogram price of 160-170 liras and sell them on the home

market. Faced with growing stocks, PETKIM dropped its price back to 211 liras. A decision on 21 December 1981 banned imports. Noting that plastic raw materials have gone up seven times since that date, industrialists say that the problem can be solved only by deregulating imports again. And allowing exporters and facturers to import plastics raw materials duty-free.

Tinplate Cost Effect 90 Percent

Tinplate, which varies on the world markets, with the dollar at its present value, between 100 liras and 120 liras depending on the ratio of tin, is produced at home only by the Eregli Iron-Steel Factories and the price ranges between 140-180 liras. Cannerys say that tinplate has a direct 90-percent effect on costs as a raw material and, noting that exports are impossible with such high costs, stress that even if they exported at cost without taking labor into account it would be impossible to sell on foreign markets.

Similar Situation in Paper

The situation in paper is similar. The Turkish Cellulose and Paper Factories, the only domestic producer, is charging prices 35 percent-40 percent higher than world market prices. Going for \$385 (69,700 liras) a ton on the European market, paper costs 104,700 liras on the domestic market and would cost 69.7 liras a kilogram plus customs duties if it were imported. Paper industrialists stress that deregulating imports of raw materials would have a positive effect on their costs.

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CSO: 3554/40

OPENING SEE'S TO FOREIGN MARKETS URGED

Istanbul DUNYA in Turkish 26 Oct 82 p 1

[Editorial: "SEE's"]

[Text] Industrialists' criticisms of the prices of SEE [State Economic Enterprises] products have begun to intensify over the past few days. This is not actually an unexpected development. The ability to conduct the economic policy of which exportation is one of two fundamental goals is possible insofar as the production units adjust to that policy. It is not possible to say that the SEE's have done their part in making this adjustment and in the production of the basic goods required by industry.

The SEE's have not to date provided the price and production stability to meet the needs of an economy making special efforts to open to the outside, and prices, deregulated because a realistic production structure not based on subsidy could not be formed, have brought the industries that purchase from them to the brink of a standstill as the result of high costs at a time when demand is not expanding. While production on the domestic market declines, and indeed faces a halt, the high costs stemming from the SEE's have become a serious threat to the chances of competing on foreign markets.

It is not a little-known fact, either, that the SEE's are acting as only a monopoly can in setting prices and put their products on the market at prices higher than they would be if they were imported.

The SEE's are essential because of their impact on the economy and the importance of what they produce. However, this status which they enjoy does not mean they can behave irresponsibly on the point of service to the economy. On the contrary, it behooves the SEE's to revise their product and price structures so as to serve the goal of rapidly opening the economy to the outside.

The basic hurdle that the SEE's cannot get over in accomplishing this revision is high costs and the inability to produce goods and services appropriate to the needs of the day when and in the amounts desired in compliance with appropriate standards. A list of impediments -- from overstaffing to the inability to find sufficient qualified personnel, from red tape preventing the acquisition of appropriate technologies or the inability to use them owing to under-financing and problems of authority -- is keeping the SEE's today from using the opportunities which are needed and attainable in the economy.

The SEE's must first realize that they are industrial and commercial businesses. That is, the SEE's must learn to produce by the compelling rules of national and international competition and to sell their products at competitive prices.

Moreover, the SEE's cannot continue to operate isolated from the sectors they supply as units producing the economy's essential basic goods and from the needs of the sectors. In that case, ways must be sought to establish the necessary links as to administration and production planning between the end-product producer and the producer of intermediate and basic goods and even for the public and private sectors to engage in production under joint responsibility in certain sectors.

Finally, the SEE question will not be resolved in isolation from the general problems of the economy and the requirements of outward orientation. The imperative is to establish as soon as possible a SEE structure that serves the goal of greater penetration of foreign markets to ensure increased and stable production, a fundamental means of development.

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PROSPECTUS FOR SECOND BOSPORUS BRIDGE GIVEN

Istanbul CUMHURIYET in Turkish 3 Nov 82 p 12

[Text] Ankara (ANATOLIAN AGENCY) -- Minister of Public Works Tahsin Onalp announced that feasibility studies on the Bosphorus Subway Tunnel will be completed around the middle of 1983 and that 46.25 billion liras at 1982 prices have been appropriated for the second Bosphorus Bridge.

Public Works Minister Onalp said also that feasibility studies and project compilation for the Arifiye-Sincan railroad which will reduce the Ankara-Istanbul trip to 4 hours, will be completed in 1985 and the line will be open for service in 1997.

Onalp reported that a long-term highway master plan is being prepared. He described as follows some of the projects planned for meeting traffic demands by 1993:

"No impassable segments will remain in the network of state and provincial roads; all state roads and 70 percent of provincial roads will be asphalted. The Tarsus-Pozanti and Gebze-Izmit turnpikes will be completed. The Kapikule-Edirne link and the Edirne bypass will be turnpikes. Construction on the European Turnpike (Mahmutbey-Kinali) will continue. Construction will begin on the Camlica-Gebze and Cukurova Turnpikes. Those non-turnpike sections of Route E-5 will be made into double-lane highways."

Bosphorus Subway

Onalp had this to say about the Bosphorus Subway Project:

"This feasibility study, begun in 1982 by a partnership of American and Turkish firms and scheduled for completion in mid-1983, includes the Bosphorus Subway feasibility study, direct linkage through the Bosphorus of rail lines on either side of the Bosphorus and mass rail transit planning for the Istanbul Metropolitan Area."

Second Bosphorus Bridge

Public Works Minister Tahsin Onalp gave the following information in connection with work on the second Bosphorus Bridge:

"A total appropriation of 46.25 billion liras at 1982 prices for construction of access roads to the Second Bosphorus Bridge has been allocated for this service in the Transportation Master Plan. The foreign exchange requirement for construction, of which engineering services alone will require 1.5 billion Turkish liras or \$6 million-\$7 million, is estimated as \$75 million. Alternative traffic routes are necessary to allow important maintenance and repair work which may begin momentarily on the Viaduct, overpasses and underpasses and the numerous bridges serving the present access roads now operating at the limit of capacity. The formalities involved in this project in 1982 were studied, the access route was included in the Istanbul City Plan Project and submitted to the Ministry of Resettlement and Reconstruction for mapping rectification, then to the Office of the Chief of the General Staff, whose approval is expected. The necessary appropriations for the second Bosphorus Bridge are in the program and project bidding is scheduled for 1983."

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CSO: 3554/41

ISO URGES MORE AGGRESSIVE EXPORT POLICY

Istanbul DUNYA in Turkish 13 Oct 82 p 1

[Report by Y. Handan Gorgunay]

[Text] The report submitted by the Istanbul Chamber of Industry [ISO] to the State Planning Organization demands that exports be made more profitable than the domestic market through more daring implementations in export incentives.

The ISO report on export incentives, prepared in connection with the preliminary work on the 5th Five-year Development Plan, urges daring and speedy implementations and says: "Exports must stop being a means to insure the survival of industry and must be transformed into a form of trade more desirable than the domestic market from a standpoint of profitability." The report stresses that "making exports more profitable than the domestic market will mean the transformation of the profit-making private sector into a healthy industry which will serve the country and not the transfer of government resources to the private sector." To increase the total volume of exports and to diversify export products with particular emphasis on industrial goods, the report proposes that "industrial sectors known to have the idle capacity, the ability for fast delivery and products of quality which will meet minimum export requirements be steered toward exports." The report adds: "The energy, raw material, transportation and credit problems of these firms must be tackled and solved as a whole."

Noting that the most important instrument in increasing exports is credit incentives, the report maintains that these incentives are not working now and that they are being wrongly evaluated. The report says: "The rotating credit fund which was introduced into the export regime in April 1980 following the 24 January decisions is not working today. This credit fund is now described as a means of denying the exporter the option of getting out of the export business. Export credits must not be considered as preparatory loans; the credit cost reductions achieved through the long stay of this low-interest credit in the system must be used as a factor in determining the price of a product in order to gain a competitive advantage in foreign markets."

The report claims that export credits have lost their incentive characteristic and that they have dragged the exporters into a chaos. Stating that "speculation on these loans must be halted no matter how they arise," the report says: "Exports must not be permitted to become an adventure on the pretext of insufficiency of

funds at the Central Bank, and, if necessary, export credit limits and interest rates must be regulated by laws."

The report says that the tax return policy in exports is now being used as an incentive although at the beginning it meant an admission of double taxation on export goods. The report adds that this instrument is one of the most effective means to diversify industrial exports and to increase the volume of exports in the future. The report urges that "the tax return instrument not be revoked" and that "on the contrary, it be developed before the introduction of new measures required by the IMF and others." The report expresses concern that a new tax return measure to go into effect in 1983 to encourage large-volume exporters may hamper efforts to develop export companies and claims that such companies must be supported and that unnecessary competition may thus be prevented.

9588

CSO: 3554/29

GERMAN PRESSURES ON TURKISH WORKERS EYED

Istanbul MILLIYET in Turkish 1 Nov 82 p 4

[Article by Halil Tunc: "The Common Market and Our Workers in These Countries"]

[Text] Though Turkey was not a member of the Common Market, Turkish workers were unable to resist the Common Market economy, began to carve out a place for themselves there and strove to adapt themselves to this economy and the civilization which created this economy.

This development added impetus to the debate over whether our country should join the Common Market and lent weight to the argument for joining. Proponents of joining the Common Market thought the living and working conditions of our workers in EEC countries would be safeguarded through this channel.

According to the "joint protocol" between the Common Market countries and our country, Turkish workers would have freedom of movement in EEC nations beginning in 1976, to be realized of necessity in stages until 1986.

Germany raised no prior objection to this article of the "joint protocol" at the time and, indeed, the protocol was signed by then-Chancellor Walter Scheel, who later became president.

Why did Germany begin in 1974 to openly oppose the joint protocol it had first signed without objection? Why did Germany begin pressuring the EEC to change the provision on freedom of movement of Turkish workers in EEC nations as of 1976? The true causes of these actions are not fully known. But there is one thing for sure: Unemployment in Germany is not the only cause of the hostility to foreigners that has begun in Germany.

German pressure on the Common Market countries was effective. Other Common Market members which had favored gradual implementation of the "joint protocol" until recently changed their tune and began to suggest "instead of sending workers to foreign countries, that investments be made in the countries from which the workers come and the problem be solved in this way." It is for this reason that even though 6 years have passed, the principle of freedom of movement that was supposed to have begun gradually in 1976 was shelved, unable to be carried out.

It is a situation bearing reassessment today. In fact, the distinguished Minister of Labor Professor Turhan Esener must have seen, too, that the policy being applied in this regard was not solving the problem, as he has seemed with his recent initiatives to have begun pursuing a more realistic and sound policy towards resolving the problem.

In this framework, in maintaining close contact with the authorities in our workers' host countries on the one hand, our workers abroad are being given, on the other, the moral support they most have need of today and a stance is being adopted to buttress the tenet that the Turkish state would never abandon its own. This route must never be abandoned, either, but the necessary interest in the problems of our workers abroad kept alive.

Those concerned must fully comprehend this fact: A large part of these problems is not new, but appeared at the time we began sending workers abroad. That sending a people whose cultural and educational opportunities were limited and whose traditions were this different into a Western society and culture and leaving them faced with the imperative of adjusting to the different living conditions of a foreign society would lead to many problems should have been predicted and measures taken against it. But it was not, and could not be. It is still not too late today to identify correctly what lies at the bottom of the problems and develop a policy.

It would be well for our distinguished Minister of Labor Esener, whose bargaining ability and powers of persuasion are quite high, to bear in mind the true cause of the problem in the contacts he will be making with the authorities of our workers' host countries.

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SEVIG EYES STATUS OF TURKISH WORKERS IN GERMANY

Istanbul DUNYA in Turkish 13 Oct 82 p 2

["According to Us" column by Veysi Sevig: "Workforce and Germany"]

[Text] One of the most important problems faced by countries with rapidly growing populations is the issue of employment. In a growing population, the number of people entering the workforce is also growing. Opening up new employment areas and investing increasingly larger amounts for this purpose is primarily a problem of capital. On the other hand, high population growth rates and capital shortages are primarily characteristic of underdeveloped or developing countries. Consequently, the unemployment problem in these countries is deteriorating.

One of the most important means of relieving the unemployment problem is worker migration. This phenomenon, which is particularly widespread in EEC countries, is aimed at solving a medium-term problem such as unemployment. In the long term, if unemployment becomes a chronic problem, it may lead to lower production and consumption, meaning the impoverishment of the economy.

For the unemployment problem of our country, a solution method was found whose merits are debatable. This solution was the dispatch of our idle labor force to foreign countries. The Turkish workforce which went to the FRG in the first phase of this plan met the labor demand of that market and provided the opportunity to work to individuals who could not find employment in our country.

As is known, labor is a productive element. It is imperative that means to benefit from this productivity be sought and found. Because the development of countries depends on that. Consequently, the productivity of the workers who went abroad in a way helped the economies of the countries they went to. The employment of foreign workers in a country is, in a way, as helpful as capital in the development of that country. When the low cost of this labor is taken into account the importance of this economic factor becomes even more apparent.

Today, around 1.5 million Turkish citizens live in Germany. In other words, a segment of Turkey's most active labor force has been involved in creative or productive work in Germany for over 20 years.

The employment of productive forces outside their own country is primarily a loss for the country. But it has not been possible to stem the flow of productive human

potential abroad because there are not sufficient employment areas in our country and those areas that exist have not been able to provide adequate employment opportunities.

Worker remittances sent back to Turkey in the first 7 months of 1982 amounted to approximately \$1.3 billion. This is a considerably large figure. Unfortunately, economic and political events observed in the FRG in the past few months have put the return of Turkish workers to their country on the political agenda.

Foreign press reports indicate that intensive work is under way in the FRG to repatriate the Turkish workers living in that country. Primary among measures under consideration is the payment of a certain compensation to encourage the Turkish workers to return home.

From Turkey's standpoint, such repatriation will raise two issues. One involves the drop that will ensue in foreign currency earnings and the other concerns the employment of workers who return for good. Perhaps, some workers who return for good will be able to enter the business world with their savings. But such isolated successes will never adequately solve the problem.

The economic facts can be clearly seen. The FRG has found it useful to import cheap Turkish labor for a while to develop its economy. Now, that country's economy has reached the desired level, and it is necessary to return the workforce used for many years to its homeland. With that return process the FRG will have successfully solved its own problem. But our country is still burdened with its problem.

9588

CSO: 3554/29

EDIBLE OIL PRODUCERS TURNING PROFIT

Istanbul CUMHURIYET in Turkish 28 Oct 82 p 6

[Text] NEWS SERVICE -- Sunflower products are going for below the base price on the free market for the first time. Though TRAKYABIRLIK [Thrace Union of Oil Seed Cooperatives] continues purchasing at the 50-lira price announced by the government, the price on the free market has still not exceeded an average of 44 liras. The expected decline expected in oil prices vis-a-vis the drop in sunflower seeds has not materialized in the full sense.

Figures show that edible oil factories are making a higher profit than in recent years.

Quite unusual developments have occurred this year in sunflowers. The government announced the base price for seeds as 50 liras. But since TRAKYABIRLIK, like other cooperative unions, pays in installments, the first crop run shifted to the free market. Prices plummeted because factory operators and dealers both are short of money. One producer in Thrace said, "The crop came off right at the Kurban Holidays. I sold mine to a dealer for 36 liras before the holiday so I could buy something for my wife and family and pay off my loan at the bank."

Factory's Side of the Story

Oil circles say that when the government set the price for sunflower seeds, it offered a different price for raw oil and, whereas the announced price for seeds was 50 liras, it was 120 for raw oil. Then the sunflower seed oil extraction factories added their costs on top of the 120 liras as if the crop had cost them 50 liras instead of 44 liras. This brought a 1-kilogram plastic bottle of sunflower oil to 180 liras-200 liras at the grocery store. As this price should actually be lower, the factories are making "excessive profits," and one official explained the cause this way.

"If the industrialists get a base price of 50 liras from the government, 120 liras for raw oil is normal. Money would be made. But now seeds are 44 liras. Based on this, raw oil should drop to 95 liras-100 liras and it does not make sense for the refinery to add its costs still to the 120 liras. The government ought to prohibit these excessive profits."

In fact, three large refinery-bottlers in Thrace which control a significant portion of Turkey's edible oil market advertised various reductions. The Salat Company in Tekirdag advertised a 3-percent discount on shipping and the Olin Company in Edirne then followed suit. Last to act was the Doysan Company, located between Luleburgaz and Corlu, which published newspaper advertisements announcing a sale that it applied in the form of a 5 percent-6 percent discount.

While these firms announced sales owing to high inventories and the money squeeze, four or five small-capacity firms were seen to be demanding lower prices and increasing their sales.

Yurdaer Cansiz, marketing director for Olin Oil, said, "There is a financing squeeze. Therefore, seed prices are low, whereas every season before they would go higher than the base price. We are offering a 3-percent discount on delivery in Edirne." Cansiz said that it takes 13 million-14 million liras a day for their factory to process 300 tons of sunflowers.

Nedim Ersoz, a partner in the Ozlem oil producers in Corlu, said they were selling bulk oil for 200 liras cheaper than the three large firms. He added:

"The three oil factories holding an important share of the market reached the point where they could no longer sell their product. They launched sale campaigns. Their prices, like their names, are big. While they reduced the price of a kilo of oil from 170 liras to 150-155 liras, we raised ours from 130 liras to 140 liras. They will be bringing their high prices down to our prices in the future."

Ozen Gulbay, sales manager of the Doysan Oil marketing firm, in pointing out that they have raised their discount rate to 5 percent-6 percent, says, "The cost of the seeds we buy varies. And there are a number of other factors. One is price, and that is 150 liras. Crops can no longer be bought in advance, and when you buy on terms the cost of seeds is 48 liras-50 liras." Gulbay contends that factories employing 30-40 people cannot be held in the same light as the large factories employing 150 to 200, that the large factories have higher labor costs and, therefore, high prices.

Approximately 400,000 tons of Turkey's average 600,000-ton sunflower crop are cultivated in the Thrace region. If TRAKYABIRLIK buys 250,000 tons, private firms take care of the rest.

Wholesale Prices of Four Thracian Oil Factories
(Turkish Liras)

Kilograms	Doysan	Salat	Olin	Ozlem
1	150	162	160	140
2	320	330	325	280
5	785	810	800	650
10	1,490	1,575	1,525	1,250
18	2,750	2,800	2,750	2,300

(These prices do not reflect discounts offered by firms and retail profits.)

ULAGAY SURVEYS PITFALLS OF MARKET ECONOMY

Istanbul CUMHURIYET in Turkish 1 Nov 82 p 6

[Article by Osman Ulagay: "Market Economy Behind Closed Doors"]

[Text] The market economy has virtually become a "national goal" in the past few years. The basic purpose of the 24 January decisions was to provide the transition from the battered market economy in Turkey to a market economy played by the rules. Various revisions brought to the agenda by Mr Kafaoglu are understood to have this purpose also.

What first comes to mind at mention of the transition to a market economy? Is it not transition to a climate in which the rules of competition apply, in which prices answer to supply and demand in the marketplace, where everyone has full information on the individuals and organizations active in this marketplace and in which no one individual or organization has the power to set prices alone or to affect economic decisions alone? Is it not necessary for individuals or firms that for one reason or another cannot make it according to the rules of the market economy to pull out of the market and relinquish their places to the successful ones?

While playing the game according to the rules in order to obtain the benefits expected from the market economy requires transition to a climate in which these rules apply, it would be beneficial to take a look at what is happening in Turkey.

--What happens if a large holding company or one or several corporations are in trouble because they were set up wrong in the first place or find they cannot adjust to the changing conditions in the economy? This holding company uses all the influence it can muster outside the economy and looks to Ankara to get it out of this difficulty. By spreading the poison of influence all the way to the government if necessary, it seeks non-economic solutions to its own economic problem. Bargains are made behind closed doors, solutions are formulated and what should happen according to the market rules is prevented from happening.

--What happens if a large brokerage firm develops "payment trouble"? Again, it looks to Ankara. People who can influence influential people are found, furious efforts are made behind closed doors to get new communiques and directives issued on brokerage to save the business with "payment trouble" and this business survives after all.

--What happens if small banks aspiring to be "big" act irresponsibly, breaking all the rules, and come to the brink of bankruptcy? The owners of these banks find the most influential people they can and set about influencing Ankara. They sit behind closed doors and bring into play totally non-economy-related factors for the formulation of amendments to the Banking Law so as to save their own banks.

--How are prices set in any one of the sectors dominated by three or four firms? Representatives of the firms meet behind closed doors and agree on a new price that will benefit everyone and announce it as the market price.

--When a business owner wishes to obtain credit from a bank, what does he do? Because he knows it is of secondary importance in getting credit from the banks to have a business whose chances of success are high or a very applicable project, he finds out who the managers and members of the board of directors of the bank in question are. Then he finds people who know these people and tries to get credit through contacts behind closed doors. If his chances of finding influential people are poor, then his chances of getting credit are poor, too. That is, credit shopping is usually dictated by non-economic factors.

It is possible, of course, to give many more such examples. The important thing here is that while the Turkish private sector seems to defend the market economy on the one hand, on the other, it cannot break the habit of skewing the logic of the market economy at every opportunity and doing business as usual, seeking solutions behind closed doors.

Since our private sector cannot break this habit, it seems to us that it will be very difficult for companies to go public in Turkey and for a true capital market to emerge based on the buying and selling of shares. In a climate in which there are businesses that keep company activities a secret, do not even reveal profits and losses in year-end wrap-ups and try to hold closed general meetings, in a climate in which banks compete with one another to publish the balance sheet least reflective of their true status, which stock of which company is the public to trust and invest its money in? How is the public to know whether a company or a bank had a successful year? When a company floats a bond, how is the public to get information on the status of that company?

To us, it smacks slightly of "empty words" to talk about the transition to a market economy and establishing a sound capital market without cracking down on all these problems. In any event, those in particular who see the market economy as a panacea for all ills should, nay, must, give some hard thought to these problems.

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CSO: 3554/43

TIGHTER CONTROL FOR SMALL CONTRACTORS ABROAD URGED

Istanbul DUNYA in Turkish 26 Oct 82 p 8

[Text] Ankara (DUNYA) -- In recognizing the need for oversight of small and medium-sized firms involved in contracting services abroad, the difficulties some businesses in this category experience in completing the jobs they contract are cited, as well as the negative effect they have on the country concerned both as to financing difficulties and "job comprehension."

According to information obtained from the authorities of certain banks which provide letters of guarantee for companies working primarily in foreign countries, small firms tend to dominate the picture in Libya in particular. However, these types of businesses operate "usually on low capital and with limited technological resources" and this is a serious obstacle to "their completing their jobs in compliance with the prospectus."

The fact that most of the jobs in the Middle East are of the type "not requiring advanced technology that Western companies do not want" is said to lay the groundwork for small firms to go into this market, and many of the firms from Turkey, except Anka, Kutlutas, Sezai Turkes-Fevzi Akkaya, Bahattin Goren and a few other similar large companies, take on jobs "as subcontractors." Bank authorities point out that small and medium-sized firms like Libya because of "easy contract terms."

Authorities note that in this country, unlike other Middle Eastern countries, "housing construction is intensive and some jobs may be given to Turkish firms by administrative approval and bargaining without opening the contract for bids" and that another advantage "attractive" to small firms stems from the "possibility of obtaining large advances." According to Libyan law, a firm awarded a contract in this country may draw an advance of 10 percent of the contract in the initial stage and may take 60 percent of that abroad as foreign exchange."

Banking authorities whose views were surveyed maintain that "it is natural for small and medium-sized firms to benefit from these advantages in foreign countries," but contend that "some discipline is crucial from the standpoint of the future of the sector." Noting that compulsory letters of guarantee in particular might be used as a means of oversight, authorities called for the institution of criteria on a "project and firm basis" instead of the "classic" standards and the issuing of letters of guarantee to "reliable, though small or medium-sized, firms."

SPITAEELS ON ROLE IN OPPOSITION, RELATIONS WITH TRADE UNIONS

Brussels LE SOIR in French 23, 24 Oct 82 p 2

[Interview with Guy Spitaels, president of the Socialist Party in Wallonia, by Catherine Ferrant, Pierre Lefevre, Jacques van Hoorebeke and Jacques van Solinge: "Happy in the Opposition, Spitaels Declines Power 'for the Sole Purpose of Saving the Steel Industry'"]

[Text] [Question] One gets the impression that the crisis kills ideologies, that it compels those in the government, whatever their primary political choices, to "govern in the center." That is clear, for example, in France. In this context, do you see an alternative to the policy of the current administration?

[Answer] I don't believe in the slogan: "Martens-Mauroy, the same battle." As a matter of fact, France has broadened its nationalized sector, and has maintained increased investments in its budget, at a time when Belgium is reducing this key item. And even if we socialists do not cling to an ideology, we do not abandon it either. It permeates the proposals we advance for certain sectors: transportation, energy, construction...

[Question] And steel? In certain circles close to the government, they seem to want to ask for your help, if not your return to power, to settle the problem of Cockerill-Sambre...

[Answer] I am not a candidate to manage that dossier and I will not make any contacts in that direction! For a year I have been saying that the government, hiding behind the Vandestruck screen and the Davignon smoke screen, does not decide anything. My distrust remains. I am in the opposition. The government has confidence in Vandestruck. I don't. Let him push the EEC into making a decision! Let him decide!

[Question] And you can be content with waiting?

[Answer] As a socialist, no! When we have responsibilities at the level of the Walloon executive body, we fulfil them. We are also proponents, with others, of a broadening of regional authority.

[Question] But perhaps the workers are expecting something from you...

No Grabbing by the Sleeve

[Answer] Participation of the PS [Socialist Party (Walloon)] in the government is not decided by a union branch or by a general assembly of the workers of Cockerill-Sambre. If this problem were to arise, it would be decided by the party authorities, in view of overall considerations. You don't grab somebody by the sleeve for a dossier.

[Question] It would take elections to return you to power?

[Answer] The SP [Socialist Party (Flemish)] has set that requirement; I haven't. To the extent that you cannot make covert advances to a party, to a president, on a specific point, to that extent I cannot formulate a pre-condition similar to that of the Flemish socialists. But, I repeat, nobody has approached us. This team has at any rate demonstrated its desire to continue. But it is a fact that sometimes the unforeseen happens... Consequently, I remain open.

[Question] Are you waiting for things to rot, to become explosive, before making proposals?

[Answer] You know that the prime minister is a stubborn man. Should one then consider the possibility you have raised?

[Question] It's a bit short...

[Answer] Political decisions result from a very subtle game of the parties, of people. The head of the government is only the intersection of a subtle game of unforeseeable forces. It is true that the problems of persons are very secondary. What is important is the political choice: hole in public finances, situation of the franc, policy of crushing purchasing power. That is fundamental.

My Opinion from the Rooftop

[Question] Let us talk about purchasing power for the moment. Can the socialists stick to a formula of wage indexing which is not the "normal" formula in force until 1981?

[Answer] The double devaluation -- an official one and a de facto one in June -- has changed the facts of the game compared to what we thought in 1981. The loss of purchasing power is such in 1982, the recovery of the losses so unimaginable, and the problem of labor costs has faded away to such an extent, that it would seem unhealthy to us to continue to crush purchasing power.

[Question] Do you advocate a return to "normal" indexing?

[Answer] We will no longer be consulted, parliament no longer has that honor, which is not the case for the social partners. Hence, I am not expressing my opinion from the balcony, but from the rooftop. The general line is that there is no longer any interest in hitting purchasing power. Having said

this, the situation is too serious to allow us to maintain a monolithic position of opposition. If something in the proposals made to the social partners seems good to me, then I will say so!

[Question] This reminds one of a recent remark made by Mr Debunne about you. He stated that the liberals were getting much more from the social Christians today than the socialists did in the previous administration...

[Answer] I am not sure that Mr Debunne really approved of Mr Claes' policy at the Ministry of Economic Affairs. The PS is not involved. As for the rest, I commented on Mr Debunne's statements at the time they were made and I cannot share that opinion. In any case, we had obtained the public bank and the struggle against tax fraud. I don't believe that the current administration is as vigilant on these points, about which the camps are most divided. This judgement is rather undeserved.

FGTB: Everyone Cooks for Himself

[Question] What are your exact relationships with the socialist union?

[Answer] Independence within interdependence. Everyone cooks for himself, but there is a certain solidarity. Mr Debunne does not submit his memorandums to us. True, Common Action is stronger in certain regions, but at the level of the party as such, there is independence. Even if we are able to organize -- and succeed -- demonstrations together, such as that of retired individuals in Charleroi.

[Question] If, at the close of the social dialogue, the FGTB [General Federation of Labor of Belgium] were to decide on actions, would you follow it?

[Answer] I don't believe that, following the relative failure of the strikes of February-March, the FGTB is in any hurry to do it again, and I don't have the feeling that the proximity of the social elections inspires in the big unions a desire to do battle at that time. In February-March, the union summit meeting did not do very much to unfreeze the conflict in the field. But the union is responsible. We don't have to deliberate within the party about what the workers will have to do. If a social movement were to be triggered, we would evaluate its framework, its objectives.

[Question] And what would you do in the face of spontaneous movements?

[Answer] They are possible, and I don't quite know what the reactions in the factories would be.

[Question] The Socialist Party will not come down from its balcony to support them?

[Answer] It does not bid outside of the union structures.

A Test: the Elections

[Question] Prior to 10 October, you wanted to turn the municipal elections into a test of national policy. To prove that Martens-Gol were losing ground. This test was a failure for you, wasn't it?

[Answer] Not at all. I am really pleased with the results of the ballot. I see that, roughly speaking, we have gone up 2 percent compared to the last legislative elections 11 months ago.

[Question] But the government did not lose any ground either. It even won some ground in 19 of the 23 municipalities in which a comparison with 1981 was possible...

[Answer] I have, of course, noted that the PRL [Liberal Reform Party (Walloon)] was rather comforted and that the Christian parties have been eroded.

[Question] That does not amount to an overall condemnation of the government.

[Answer] No... But the government really governed only for 6 months, until June. Since then, Maystadt has been playing with graphs. I may well have raised my voice somewhat during the campaign, but people have yet to feel the concrete effect of the Martens-Gol administration on their daily life. No matter! The important element is that we have won some ground. In the electoral test, the ideological combat was clear. The result is conclusive.

Moureaux, That Is Not Me...

[Question] But you are involved in the Brussels fight. You lined up Philippe Moureaux, a man who has your confidence. Isn't his failure also a little your failure?

[Answer] It wasn't Spitaels who sent Moureaux to Molenbeek. It was under Cools that he got there. I am not repudiating Moureaux. He must remain minister and remain at the head of the French Community. He is the only socialist minister from Brussels left. I have chosen to give this political weight to a small federation, that of Brussels. It would be madness to change today. Moureaux has a right to a second chance. It should also be known that neither Henri Simonet nor Guy Cudell were candidates for the executive body. I settled on a young man without in any way barring others. I also wanted the PS slogan -- */You will be well defended by the main French speaking party/* [printed in italics] -- to materialize. I wanted to be coherent in my speech. I still don't understand what the real reasons are why the Brussels federation of the PS is not getting back on its feet.

[Question] Hasn't a tendency to challenge the party's "Walloon" strategy appeared within the Brussels PS?

[Answer] I want to avoid this kind of argument from the beginning, which consists in explaining the decline of the Brussels PS with our Walloon speech. If you will be so kind as to recall that the most spectacular fall occurred under the presidency of Leo Collard, who did everything he could to break the

MPW [Walloon Popular Movement], then you will have to find another argument if you want to remain credible.

"Gestures" of the Ecologists

[Question] After the municipal elections, do you consider that regionalization still presents itself in the same terms?

[Answer] We are studying the implications in terms of figures of a possible regionalization of the five national industrial sectors, of credit, of scientific policy, etcetera. In other parties, such as the CVP [Social Christian Party (Flemish)], they are now talking about education. It is certain that this file will be on the table when we discuss the formation of the next government. I don't believe that the laws of August 1980 will grow weak and that the central state will grow stronger. A dynamic has been set in motion.

[Question] Didn't the election of Michel Toussaint to the presidency of the French Community Council against a candidate from the Ecology Party deal a blow to the "majority of progress" which you wanted to develop?

[Answer] This election proceeds from the simple implementation of previously concluded agreements. There were no incidents. But by presenting Mrs Jortay as a candidate, the Ecology Party wanted to demonstrate that it is not the puppet of any big party, and that they are not really in either of the camps. All parties once in a while need to make gestures.

[Question] What is your judgement of what happened in Liege?

[Answer] Contrary to what some people claim, I am not at the root of that agreement between Edouard Close and the Ecologists. Having said this, it must be recognized that the negotiations were more difficult because the ecologists have little experience in these kinds of talks. I think that the ecologists will realize very soon that in nuclear matters or in matters of participation, for example, there is still such a thing as -- I am sorry! -- the left and the right.

A Little Paunch

[Question] Do you have the feeling that bipolarization is progressing?

[Answer] You have to admit that there are fewer precise figures for Wallonia than for Flanders. I have a very strong feeling that the ballot established the same erosion of the social Christians all over the country. All of this is perfectly logical during a crisis period because a compromise party loses a good deal of its margin to maneuver, as well as its strength of persuasion. But I never said that the PSC [Social Christian Party (Walloon)] would disappear.

[Question] Isn't this erosion of the center such as to prompt you to ally with the liberals?

[Answer] Such an alliance would probably not emphasize bipolarization because it might lead the third party to rise again.

[Question] Consequently, if you were called to govern, you would prefer to choose your partners from the center rather than from the right, wouldn't you?

[Answer] Nothing is clear in a political situation such as ours. But I am not going to comment on the choice of a partner. Actually, the question does not arise. I don't conduct diplomacy in the fog. We are there, we exist, we have recovered over 38 percent, and a little paunch on top of that does not do us any harm. And we have no a priori at all against any man or against any party. What I am interested in is what is being offered to me. I want greater powers for the regions and a coherent economic policy. But it is not my impression that the question will come up in the immediate future.

[Question] Thus, you will benefit from the comfort of the opposition?

[Answer] I want to be well understood. My objective is not so much to obtain 39 or 40 percent of the votes, but rather to achieve something in the two areas I have indicated. I will judge on the basis of what is offered me.

8463

CSO: 3619/9

PQ, QUEBEC GOVERNMENT SAID TO BE MOVING FURTHER APART

Radicalization of PQ

Zurich NEUE ZUERCHER ZEITUNG in German 4 Nov 82 p 5

[Article by "B.W.": "Is the Wolf Ready to Shed His Sheep's Clothing?"]

[Text] Quebec, October—Coming from the Anglophone Canadian West, one feels one is in another world as soon as one enters the Province of Quebec. It is hard to describe exactly what makes it different because it is above all a matter of feeling the difference instead of being able to back it up with facts. Some say it is the French spirit which lends a special air to this part of Canada. As one travels between Montreal and Quebec and pays close attention to provincial politics—which are constantly based on the Franco-phone ethnicity of the area—one runs into two additional different worlds within the province itself: the world of the government apparatus in the capital city of Quebec and that of the governing party, the PQ, in Montreal.

Conspiracy Theory

Ever since the PQ lost the independence referendum in 1980, the party and the government—the latter having been returned to office with a clear majority in 1981—have been moving apart in a surprising fashion. The decision of all provinces with the exception of Quebec to agree to the new constitution proposed by the central government in Ottawa which finally came to pass after a lengthy struggle in the fall of 1981 has provided a none-too-insignificant faction of the PQ with a final impetus for representing its interests in a more radical manner. At the Montreal PQ office, they are grimly saying that the new constitution proclaimed this April by Queen Elizabeth II is a traitorous act on Canada's part against Quebec. It is that provision in particular which gives all parents the right to choose between an English or French school education for their children which the "Pequistes" object to most strenuously for understandable reasons, since it runs counter to their own law 101 which favors the French language.

This then is used as the basis for a conspiracy theory which leads over to the need to achieve total separation of Quebec from "traitorous Canada" as quickly as possible. At a party congress last December, the radical wing of the PQ gained the upper hand to such an extent that party chief and provincial premier René Lévesque threatened to resign. An intra-party referendum was subsequently held on his views on independence which strongly favor the

concept of an association with the rest of Canada and Lévesque received a majority of the votes. But judging by the way the referendum was worded, one could tell that Lévesque had had to make concessions. This became even clearer when the new party platform was made public which refers to "national sovereignty" as a "raison d'être" of the PQ while no longer referring to association with the rest of Canada as a first step toward independence. In 1980, the population of Quebec was called upon to vote on starting negotiations with the Ottawa central government leading to "sovereignty-association." But today the PQ, on the basis of its new platform, wants to see the next elections tied to the issue of "sovereignty for Quebec" and to make that sovereignty a fact immediately in case of victory.

Full Speed Ahead

In view of the fact that a majority of Quebec's population still rejects all plans for independence and in view of the desolate economic situation which will hardly tempt the cautious and rather conservative Quebecers to go in for experiments, such a platform does have self-destructive aspects to it. The self-assurance with which party representatives talk of the program is surprising. The words of moderation which were still audible prior to the referendum are gone now. One has the impression that the cat is being let out of the bag now; that the wolf is shedding his sheep's clothing so as to achieve with one desperate leap what was viewed as the sum purpose of all efforts all along despite the tactics of moderation: total and unconditional independence. Even the complicated wording of the 1980 referendum which was then put forward as proof for the moderate and statesmanlike position taken by the PQ is being called illusionary today and based on tactical considerations. The frustration coming on the heels of all the lost battles seems to be so great that they do not shirk risking everything and to charge full speed ahead.

Of course only some party members think along these lines but they have now attained a dominant position. The fact that a majority of the population does not agree with them does not concern the leaders of this wing of the party in the least. At times, they smile about the "little people" who cannot grasp the "grand aims" of the PQ. At such times, the wide gap becomes apparent which exists between the intellectual elite—which is well represented in the PQ—and the average citizen. Despite the intensive efforts of the government to reach out to the people, the party has not yet been able to close this gap which is made the wider by arrogant attitudes such as these.

Moderation by Provincial Government

The radical "Péquistes," dazzled by their own ideas, find it hard to accept the political realities and appear ready to leave the government in order to fight for their ideals. But the government itself is taking a different position. Its priority goal is to find a way out of the present economic crisis because it is well aware of the fact that a further deterioration of the situation could lead to a decisive loss of votes in the next election. Of course the government has some views of its own concerning the sovereignty of

the province but it continues to stress the need for ties with the rest of Canada. Above all, the government feels that this is not the time for making further separatist efforts. Ottawa is said to have contributed substantially to the crisis—among other things by having destroyed the economic structure of Quebec by its interest policies which did harm to the many small and medium-sized businesses which form the basis of Quebec's economy. Reestablishment of this economic structure and support for private initiative are among the most important prerequisites for getting the economy back on its feet. This would be easier to do, if Quebec could act independent of an all-Canadian economic policy; but for the time being, it is said, Quebec will have to try—for better or worse—to achieve these goals as well as possible within the framework of the confederation.

This moderate position taken by the Lévesque government leaves its imprint on Quebec, the most French city of all in North America. In talking to people outside the immediate government circles, one rarely gets to hear radical remarks such as in Montreal. In fact, people point out that here—close to where political decisions are made—one is better able to gauge political realities and that great political upsurges have practically always been restricted to Montreal.

The official PQ platform speaks a language quite distinct from that of René Lévesque's government. Even if the Quebecers, as has often been pointed out, tend to vote for a popular leader rather than a party program, the government will not be able to distance itself from its own party platform in an election campaign as it is presently doing. If the PQ sticks to its plan to combine the next election with a referendum on total separation—if, in other words, it shows its wolf's face that the population has long suspected was hidden in the sheep's clothing—then Lévesque's personal popularity will not help him much. He is enough of a pragmatist to realize that he did not get a mandate from the people to separate but to govern the province (albeit with nationalistic undertones and overtones). It will be interesting to see whether this experienced politician will be able to continue exerting a moderating influence on his party over the next 2 to 3 years until the next election. Popular reaction to the more radical approach by the party has already become apparent: people have been leaving Quebec in greater numbers over the past several months.

Quebec in Economic Crisis

Zurich NEUE ZEURCHER ZEITUNG in German 7-8 Nov 82 p 5

[Article by "B.W.": "People Are Worried"]

[Text] Quebec, October—As the last red and yellow leaves fall from the maple trees, many a citizen of Quebec is asking himself whether he will still be working for the rest of the winter. Although unemployment is an everyday occurrence in Canada, people are beginning to get worried in view of the Quebec figure of more than 15 percent over the past few months. The recession along

with a decline in demand and a drop in prices on the raw materials market; a decline in private consumption, industrial production and housing construction has a stranglehold on all of Canada from East to West just now. Quebec is particularly hard hit. 40 percent of those Canadians receiving government assistance (not to be confused with unemployment compensation) live there. Anxiety about the future is making many Quebecers ask whether the present provincial government of René Lévesque is truly capable of saving the day in view of the fact that it is at this very moment engaged in a controversy with its own political party, the PQ, which is in the process of taking a more radical stance on the separatism issue.

Confrontation with Unions

The government of this economically important province which makes up a good quarter of Canada's population really has a fight on its hands just now. Lévesque's government—which has been called socialistic by some but comes out as moderately social democratic in the eyes of a European observer—has been running the province quite efficiently which even people in the English-speaking part of Canada who have no sympathy for the separatist aims of the PQ will admit. But the government has now been forced as a result of the economic crisis to steer an austerity course which is in contrast to its previous policies. Prior to the 1980 sovereignty referendum, for example, it played up to the labor unions for tactical reasons and now stands confronted with their exorbitant demands which it is no longer in a position to meet. This has led to great tension which in turn has contributed to further anxiety among a population that is worried enough as it is.

Looking for a Savior

It is amazing to see how many Quebecers are suddenly looking to a man again whom they threw out in 1976 under suspicion of corruption and on the charge of severe mismanagement of the economy, voting the PQ into office instead. That man is Robert Bourassa, the former Liberal prime minister of Quebec. Bourassa has stayed out of politics for the past 6 years, teaching at such prestigious universities as Yale and going to Europe to study the EEC. He himself says he has not reached a final decision on whether to try for the post of Liberal party chairman for Quebec to succeed Claude Ryan who was forced to resign for not having won last August. In Bourassa's office, high above the rooftops of Montreal, there is as much activity as if he were already in the midst of an election campaign. Still young at 49, Bourassa hardly finds time to feast his eyes on the view that takes in the multi-colored woods beyond the Montreal city limits because one event comes right on the heels of the other and he has to attend them all. Quite obviously, he has already returned to political life but whether he could actually get the Liberal chairmanship even he is unable to say just yet. Most of his enemies are within his own party. They are from the English-speaking part of Quebec: Bourassa is too nationalistic for their taste although of course he wants nothing to do with separatism and although a majority of Quebecers would definitely want to see their provincial government display a certain amount of nationalist feelings.

It is a sign of the times that Bourassa's name is mentioned so often these days. A growing number of Quebecers no longer appears to look upon him as the scandal-ridden prime minister of another day but as a kind of savior; an economist with a great deal of political experience; a man who then promised to create 100,000 jobs and who actually delivered on his promise.

It is another question entirely whether a Liberal government could fulfill such high expectations any better than the "Péquistes" given the close links of Quebec to the cycles affecting the entire North American economic sphere. And it is an equally open question whether closer cooperation with the American economy—which Bourassa considers extremely important—would not run into heavy fire on the part of most Quebecers because of their undeniably nationalistic views. Under any circumstances, however, the PQ, which is off on a flight into ideology of its own at the moment, will have to devote some attention to the general feeling of anxiety, if it really takes popular opinion seriously and wishes to continue presenting itself as a responsible government party.

9478

CSO: 3620/70

RADICAL LIBERALS STILL A POWER IN FOLKETING BUT LACK UNITY

Copenhagen BERLINGSKE TIDENDE in Danish 29 Oct 82 Sect II p 1

[Commentary by Michael Ehrenreich]

[Text] The shift in government has not made life easier for the Radical Liberal Party, which, as a support party for the former Social Democratic government, had great problems with its right wing because of cooperation with the Socialist People's Party. Now the radicals are being labeled together with the Progressive Party as the parliamentary basis for the four-way government, and this has started the radicals' left wing in undermining activity that aims at threatening Group Chairman Niels Helbeg Petersen's sovereign position as the party's only political leader.

At the beginning of October, for the first time in many years, the radical Folketing group had to forego constituting itself immediately at the beginning of the parliamentary year. Officially, this was because of the unclear and hectic political situation surrounding the government's first crisis. But actually, it was because of demands chiefly from Tage Draebye and Aase Olesen for the election of Lone Dybkjaer to the post of political spokesman.

And the left wing is not without a sounding board in members' circles. National Chairman Thorkild Moller, after an inquiry among the important member leadership, has hastened a meeting of these leaders, which was originally set for the middle of November.

The leaders will, among other things, discuss the reasons why the radicals did not receive more agreement to vote for the government's economy proposal and the bad results in the opinion polls. In the latest opinion poll, the Radical Left was down so far it almost disappeared.

The two problems are connected by the left wing, which is satisfied that the radicals did not achieve agreement on the major issues of profit sharing and tax reform when the government's life was saved. Instead, the Folketing group has only presented its proposal for tax reform and has announced a reintroduction of the party's proposal for profit sharing.

Wind in Sails

The lack of success in major issues, together with the low voter support, has therefore given the left wing wind in its sails for an attempt to promote Lone Dybkjaer as political spokesman--a post that the radical group has not occupied in the organization for several years--an attempt to get the spokesmen more in the limelight on individual issues.

The selection of Lone Dybkjaer may seem paradoxical, because she has certainly expressed sharp views in the area of energy, but in her second area of interest--labor market questions--stands for a more nonsocialist-oriented line. In the economic area she is regarded as being politically in agreement with Niels Helveg Petersen.

But Lone Dybkjaer is regarded in the Folketing as the only one who can challenge the group chairman for the sole political leadership of the Radical Left.

Wobbly Scale

The disagreement in the group is being taken quite seriously among the party membership who now once again must watch the classical political dilemma of the radicals come out into the open.

The very limited possibilities for a political majority in Danish politics in recent years has almost always placed the radicals on the wobbly political scales where it has been difficult to simultaneously carry out the party's nonsocialist oriented economic policy together with its more "progressive" standpoints in areas such as culture, environment, energy, and legal questions.

This led to the disturbance in the previous government when the Socialist Progressives blocked the implementation of another radical major issue: income policy.

And this leads to the disturbance at present where the radicals, by supporting the governments action in the cost of living adjustment, working time, and wage drift, actually have gotten their main income policy into law--but presumably must give up a rapid implementation of tax reform and profit sharing.

TV Medium

The conflicts between the wings does not just lead to political differences of opinion. In the newspapers Niels Helveg Petersen can read anonymous expressions from "leading party members," or "influential leading politicians" that the group chairman has not mastered the TV medium in his advocacy of radical policies, while Lone Dybkjaer is capable of expressing differentiated, sharply well-balanced points of view.

The difference between the two in this connection--if there is any--is nevertheless regarded by the Folketing group as insignificant compared to the issue in the struggle between the wings. It has to do with politics.

And Niels Helveg Petersen is standing right there with the best card in his hands. None of the present radical members of the group can compete with the respect the other political parties in the Folketing have for the group chairman. And his position in the Folketing group indicates a strength that is sufficient to compete with a political opponent by the name of Lone.

If the group gets a political spokesman as a result of the struggles--it will not be in defiance of Niels Helveg Petersen. The election can only take place with the approval of the group chairman.

9124

CSO: 3613/16

PAPER EXAMINES OUTLOOK FOR SDP, LABOR IN OPPOSITION

Copenhagen BERLINGSKE TIDENDE in Danish 28 Oct 82 p 10

[Editorial]

[Text] The shifting of roles that the Social Democratic Party is at present occupied with is difficult to carry out. Aside from the period 1968-71, when there was incontestably a majority against the Social Democrats, there has been a general feeling that the party has a special relationship to governmental power. Either it is in power, or it voluntarily and temporarily awards power to others. In the fall of 1982, this feeling broke down. The government gave up its power because there was no other possibility. It awarded power to others not temporarily, but with the hope that after a long time opportunity will knock on the door again.

In many ways, a party's parliamentary group is ahead of its supporters and ahead of its party apparatus. So it is with the Social Democrats. The parliamentary group realized during the summer that the possibilities of retaining power were rapidly disintegrating. There was no strong opposition to putting an end to the governmental role when Anker Jorgensen finally gave the signal for departure. In other parts of the large party it is taking a little more time to reach the same realization. A good reflection of the situation was seen at the meeting of representatives held by the Danish Federation of Trade Unions Tuesday.

The trade union group is a motley one. The left wing and the right wing, low wage earners and high wage earners, irresponsible and responsible people, mix with one another. The same is true for points of view. At the meeting, the representatives had been quite impressed by the fact that the change of government took place in the shadow of the very large demonstrations, which, among other things, the workers' organizations supported. The chairman of the Danish printers union, Kaj Pedersen, who is a communist, declared that the only way forward is "increasing and continuing activity against the antidemocratic plot against the population." But Knud Christensen had to walk the tightrope between the left wing on the one hand the Social Democratic Party leadership on the other. In this position, it was his view that he did not want to say that demonstrations should end, but "they should not take place during working hours." And to complete the picture, Anker Jorgensen's message to the meeting was, "Stop the games in the left wing. It is a waste of our strength."

It is a waste of all of our strength when games are played in a deeply serious situation. In spite of Knud Christensen's ability as a tight rope walker, games are being played in the trade organization. And the game is spreading to many of the numerous organizations that have a connection with the Social Democrats. The game is preventing the realization that at the moment governmental power is unattainable for the Social Democrats. In many trade union circles and in the Social Democratic news media one continues to act as if governmental power had temporarily been delegated elsewhere.

This situation makes it more difficult for the Social Democrats to become a credible opposition party.

9124

CSO: 3613/16

SCHMIDT'S INFLUENCE ON FUTURE SPD POLICY CONSIDERED

Hamburg DER SPIEGEL in German 1 Nov 82 pp 19-20

[Unattributed article: "Repository of Prudence"]

[Text] In the aftermath of Vogel's nomination as the SPD chancellor candidate, former chancellor Schmidt's future is still in doubt. Will he simply stick to writing books ?

The members of the SPD executive committee were well satisfied when they left party head quarters last Monday. To be sure, former chancellor Helmut Schmidt had just dashed their last hopes about his running for chancellor one more time; but whatever fears they might have had that he would use his departure from the scene for a relentless reckoning with the party and its chairman Willy Brandt seemed to prove unfounded.

When Brandt gave him the floor prior to debate on the agenda, Schmidt told the assembled party leaders that all his medical advisers had urged him to quit following the three illnesses that almost cost him his life. "The pros and cons of a renewed candidacy have been made abundantly clear to me. Now as far as the cons are concerned, I am sure I would have been able to handle them," Schmidt said, adding however that the medical advice he got outweighed these considerations.

At that point he added a conciliatory note, telling the assembly that he would forgo discussing "the political aspects" of his withdrawal when he addressed the fraction next day.

But on Tuesday Schmidt no longer held to that promise. As he took his leave from the deputies, he did not mince words. He accused some of them that they merely urged him to continue in office because they were "worried about losing seats." As for others, he called them "offensive in their narcissistic attitudes" and still others, he said, had ceased their resistance against him "only temporarily"—in other words, for opportunistic reasons.

But the one statement he made that may have the most lasting effect was that he did not consider himself or his policies as capable of forming a coalition. "I cannot see myself carrying on coalition talks with the CDU/CSU or with the Greens after 6 March," he said—nor, for that matter, with Hans-Dietrich Gen-

scher's FDP. He would continue to hold to the 12 theses he announced in the Bundestag upon his resignation—ranging from economic and social policies all the way to the NATO dual resolution.

As for Hans-Jochen Vogel, the new SPD chancellor candidate nominated by the party last Friday, Schmidt placed a number of obstacles in his path. In fact, he presented him with an almost impossible task: that of getting the SPD back into government with whatever partner and at the same time of preserving a continuity with Schmidt's policies.

Now Vogel is a candidate who has gone public over the past few years in an effort to open up the SPD to accommodate the concerns of the peace and ecology movements—much to Schmidt's displeasure and just as much to Brandt's delight.

Reaction to the former chancellor's last will and testament has been restrained thus far. But speaking before the fraction, SPD chairman Brandt pointed to "difficult political issues" contained in Schmidt's speech "which have accompanied us and will continue to do so no matter what responsibilities" the SPD will shoulder in the future. And Hesse Minister President Holger Boerner calls "Schmidt's political overtones neither accurate, nor helpful."

The new man has made it plain that he has no intention whatever to dance to the old chancellor's tune. As far as Vogel is concerned, the decisions taken at the party congress have priority over Schmidt's instructions for the future. "For me," he says, "continuity lies in the decisions of the party. Helmut Schmidt's 12 theses are /his/ interpretation of these decisions which he concurred in."

Vogel intends to stick very closely to the decisions taken in Munich with regard to the NATO modernization program which were to hold a party congress in the fall of 1983 and to decide there what position the SPD will take on deploying American medium-range missiles and cruise missiles while taking the status of U.S.-Soviet arms limitation talks into consideration. "That is the decision I am putting on the table," Vogel says.

Schmidt put something else on the table. "If the negotiations are not crowned with success in spite of great efforts on the part of our American friends, we will have to have an appropriate counterweight to offset the Soviet SS-20 missiles which stand to threaten us," his 7th thesis reads. What this means in plain English is that the SPD will not deliver, if the Soviets do not deliver. The "political aspects" of that last will and testament prove that Schmidt did not quit merely because his doctors told him so. Schmidt criticizes himself for having made a crucial mistake after Willy Brandt's resignation in 1974 by not taking over the party chairmanship as well. He keeps telling himself that he failed to realize during the decisive conversations in Muenstereifel at the time that Brandt was a man he could not work with.

But Schmidt represses the fact that he could have no more mustered a majority against Brandt then as he can now.

As late as 1976 Schmidt admitted: "I cannot imagine how I could combine the two posts without devoting less energy to them than they actually deserve."

But since then he has been saying that he was the first chancellor not to hold both posts at once. He therefore concludes that even the new chancellor /candidate/ should lay claim to the party chairmanship. But friends of his like Hans-Juergen Wischnewski are counseling against quick decisions, who says: "The party chairman should not quit prior to 1985 because he is urgently needed."

Among his intimates, Helmut Schmidt has frequently voiced some bitterness of late about the fact that Willy Brandt is the only member of the old SPD troika to hold on to his job now that he himself has withdrawn and Herbert Wehner is about to retire. He would challenge Willy Brandt, he told a small group last week "if I were a well man."

He says that Brandt cannot attain a majority to the left of the CDU with his policies because such a majority simply does not exist. The object would really be to draw voters away from the CDU/CSU and the FDP camp. Since Schmidt considers himself to be the only SPD politician capable of appealing to conservative voters, he views Brandt as a non-starter among that particular group.

But this still does not prevent the former chancellor from promising Hamburg Mayor Klaus von Dohnanyi that he will actively support his election campaign. After all, it was Dohnanyi who spent 3 months appealing to the Greens and Alternatives prior to calling for new elections on 19 December with their support and against the CDU.

Just how Bundestag deputy Schmidt from Bergedorf expects to influence the policies of the present Bonn opposition is not quite clear to him as yet. He is not sure whether to play the part of sober adviser or grumbling know-it-all. His model for the former role would be James Callaghan, the last British Labor prime minister. In fact, Schmidt would very much like to play the role of elder statesman. He would like to write three books—one to deal with "people I have met;" another about the ethical principles of political life, and a third about ways of preventing a worldwide economic depression, the latter addressed to the current U.S. administration whose "self-made recession is placing a strain on the whole world."

On the other hand, he has his eye on taking over the chairmanship of the prestigious foreign relations committee of the Bundestag. "Do you want to give the floor to that Genscher person then," his friend Wischnewski asked him in this connection.

And then there is an offer that still stands from Hamburg industrialist Kurt A Koerber who has asked Schmidt to become a member of an as yet to be assembled think tank that would include other elder statesmen such as Gaston Thorn of Luxembourg.

Schmidt's recent violent attacks against the conservative monetary policy practiced by the Frankfurt reserve bank, however, are the very opposite of quiet resignation.

Shortly before the no-confidence vote was taken, he disclosed last week, he called Bundesbank President Karl Otto Poehl and his deputy Helmut Schlesinger to Bonn to tell them: "I am going to attack you publicly. What you are to the interest rates amounts to deflation." He felt it was more important, he told them, "to put the brakes on rising unemployment than to lower the rate of inflation to 3 percent" and concluded by saying: "I have no more patience left."

New chancellor candidate Vogel for his part may count on a grace period. As minister of justice in the Schmidt/Genscher cabinet, he earned his then chief's confidence in his war against the terrorists. Vogel was a "repository of prudence" in the cabinet, Schmidt still says today.

Originally, Schmidt favored North Rhine-Westphalia Minister President Johannes Rau to succeed him. If the election had been lost, Rau would have returned to his Duesseldorf post and Vogel would have taken over the fraction chairmanship in Bonn. But last Wednesday afternoon, after a private conversation with Brandt, Schmidt came out in support of Vogel.

Before the executive committee of Friday he said: "I have always had my eye on Jochen Vogel as my successor."

Rau turned the candidacy down because his Duesseldorf friends did not feel like sacrificing him to Bonn. In addition, Rau grew suspicious when he suddenly began hearing demonstrations of support from the right wing of the party grouped around Egon Franke. Rau suspected he was only being asked to go to Bonn to keep Vogel out because of the latter's open policies vis-a-vis the Greens and Alternatives.

If elections are actually held on 6 March, Vogel knows he only has an outside chance to win. His modest aim is to "activate those voters who can still be activated and not those who are retreating to the corral to let Helmut Kohl make them feel good."

9478

CSO: 3620/75

MODERATES IN CP IN DISARRAY AS STALINISTS SOLIDIFY RANKS

SKDL MP Discusses Split

Helsinki HELSINGIN SANOMAT in Finnish 25 Oct 82 p 9

[Article: "SKDL's Juvela: Solidification Is Self-Betrayal"]

[Text] SKDL [Finnish People's Democratic League] member of parliament Aulis Juvela said on 24 October in Kokemaki that self-betraying hopes for solidification within the People's Democratic Movement arise from gullible delusion.

Nothing appears to have changed in the attitudes of the minority, Juvela said. That, he feels, is indicated by the recent events in the parliamentary group and in the writings appearing in TIEDONANTAJA, the newspaper of the leftist communists, which Juvela says are slanderous.

"The weapons that TIEDONANTAJA uses in the internal power struggle still consist of the willful distortion of facts, personal vilification, and foreign policy denigration," Juvela said.

"I have often thought about the reasons for the deterioration in our internal situation. No doubt there are many of them, but at least one of them is that during the past 10 years a group of persons having a bourgeois background has been able to climb into positions of note in our movement. Many of them are fanatics whose Marxism is based on memorized phrases and to whom, in the final analysis, the ideology of the working class is a strange and distant matter," Juvela continued.

The fact that the Finnish CP minority allied itself during the recent crisis with the Conservative Party and the Christian Union, "a small reactionary fringe group," to demand the ouster of the People's Democrats from the administration Juvela considers to be a true political paradox.

Stalinist Organ Sees Takeover Attempt

Helsinki HELSINGIN SANOMAT in Finnish 26 Oct 82 p 7

[Article: "Taistoist Faction: Attempt Being Made To Shift Finnish CP Management to SKDL"]

[Text] "An attempt is being made to obstruct the independent political role of the Communist Party and to shift the organizational leadership of the party to the SKDL, which is led by socialists." That was the statement made by the Finnish CP Central Committee Taistoist faction members and deputy members in a protest statement which they appended on 25 October, under the leadership of Taisto Sinisalo, to the 22 October Central Committee decisions.

The Taistoist faction charges include the accusation that the present leadership of the Finnish CP has placed itself under command of the Social Democratic Party leaders and into collaboration in the administration with the Conservative Party. According to the Taistoists the independent work of leadership and organizational strength of the Finnish CP are being paralyzed, with a cut planned in its appropriation, and a reduction in the number of Central Committee workers "in a situation in which the operational capabilities of the party ought to be strengthened." "The Finnish CP is in jeopardy," according to the Taistoist protest statement.

The statement is associated with the Central Committee decision of 22 October to submit to the SKDL League Council position in which the SKDL approves Kalevi Sorsa (Social Democrat) and Kalevi Kivisto (People's Democrat) to negotiate an accord in the devaluation crisis prevailing within the administration. The Taistoists attempted to influence the Central Committee to make a decision to leave the Sorsa administration, but they lost in the vote.

Sinisalo announced on 22 October that he would file a counterstatement regarding the Central Committee decision. A total of 19 names are appended to the protest statement, in which the signers express their objection to the decisions concerning the devaluation and to the way in which they were reached.

The protest statement demands that the Communists withdraw from the present administration.

Socialist Irritated With Communists

Helsinki HELSINGIN SANOMAT in Finnish 28 Oct 82 p 12

[Article by Janne Virkkunen: "Majority Positions Falter--Leftists Unify; The Rounds Intensify in the Finnish CP"]

[Text] The voting in the Finnish CP is intensifying again along the old partisan demarcations. As late as summer 1982 the communist leaders were issuing hopeful expressions to the effect that a true unification was in progress, when the Taisto factionists returned to work in the leadership elements of the Finnish CP.

The recent devaluation decision by the administration truly subjected the Finnish CP to a supreme test and at the same time again made public the old quarrels between the majority and the minority.

Finnish CP Chairman Jouko Kajanoja and Secretary General Arvo Aalto learned on 22 October that they are now, in fact, among the minority in the Central Committee.

The Finnish CP leaders were overridden by the third-liners, who went public during the Party Congress of spring 1982, together with the Taisto factionists allied with them.

In question was the same battlefield that raised Kajanoja to the party chairmanship and left Aalto as secretary general. Kajanoja had merely been maneuvered into the camp of the traditional majority.

Analyzing the situation in the Finnish CP has always been difficult in the past, but after the events of the past week it has become all the more difficult.

Properly speaking, the Finnish CP no longer has a majority, only three minorities, consisting of the traditional majority, the third line, and the traditional minority or Taistoists. The third line is the pointer hand on this power scale.

After the extraordinary party congress Jouko Kajanoja set only one goal for himself, the solidifying of the party and the return of the Taistoists back to work in the party leadership elements.

The Taistoists refused to participate in the party leadership work after the extraordinary congress as a shows of protest against "discrimination."

The formal solidifying did not gain momentum until after Kajanoja and Taisto Sinisalo, the minority helmsman, returned from a vacation in the Soviet Union, and after several months had elapsed following the extraordinary congress.

The condition for the resolution was that Sinisalo was given control of the party international section and the appointment of Veikko Alho as a deputy chairman of the Political Bureau. After this resolution the power relationship in the Political Bureau stood at 6 to 4.

Near the end of July 1982 Kajanoja published an employment program prepared in the name of the Labor Ministry, which gained the support of the Taistoists. To do the same was difficult for the majority, because of the economic policy weakness in the program. During the end of August and in early September 1982 Kajanoja maintained contact with Sinisalo in connection with the budget negotiations in the administration, and finally SKDL Chairman Kivisto made the resolution in behalf of the SKDL group of ministers.

The final hurdle was in the administration devaluation package which was forcing the SKDL into the opposition when Kivisto arrived on the scene in time to reach an agreement with Prime Minister Sorsa.

The agreement between Sorsa and Kivisto was tabled in the SKDL parliamentary group. The Finnish CP Political Bureau approved the resolution by a vote of 4 to 3. The SKDL League Council adopted it by a vote of 16 to 3.

The reconvened parliamentary group found it necessary to approve the Sorsa-Kivisto agreement, over the opposition of the Taistoists. Finally the Finnish CP Central Committee was assembled, but it could no longer do anything other

than ponder and refrain from rejecting the resolution. The decision was reached by a vote of 27 to 23. The majority consisted of the Taistoists and the third line, and the minority of the party leadership.

As an appendix to the Central Committee decision, the Taistoists drafted a protest statement in the name of Sinisalo--not in the name of deputy chairman Alho--which was signed by all of the Central Committee minority members and deputy members, for a total of 20.

That protest statement demands the Communists to disassociate themselves from the administration while stressing that a crucial attack is in progress to vanquish the Finnish CP as a party of struggle.

"There is an attempt to shift the ideological-political and organizational leadership to the SKDL, which is led by socialists," according to the protest statement.

A warning about the same matter was delivered orally during spring 1982 when Arvid Pelshen of the CPSU said, "The developing of the People's Democratic Movement, and of the political operational line of the Communist Party itself, and of the execution of that line is being shifted in increasing degree into control by the SKDL. Most basically, the matter has been guided toward the replacement of the Communist Party in the field of Finnish political life by means of this league," Pelshen admonished.

In order to dispel any remaining misunderstanding, the NEUVOSTO-KARJALA, which is published in Petrozavodsk, wrote in mid-October 1982, "The Finnish CP considers erroneous the view that the SKDL, which adheres to a certain kind of a general socialistic ideology, is an organization in the nature of a political party."

Purges Due in Finnish CP Office

In addition to the political struggles, the internal dissensions of the Finnish CP are exacerbated by the personnel readjustments in progress in the party office.

The intention is to decrease the number of party functionaries in such a way that four of the traditional majority and two of the Taistoist supporters will be eliminated.

It is conjectured in the Finnish CP that one of the reasons for the impending difficulties in party finances arise from the predictions of election reverses, which decrease party support.

The matter of separations from the party office was tabled, however, in the Political Bureau on 27 October. Those intentions are strongly opposed by KANSAN TAHTO, the organ of the Finnish CP northerly insurgent districts, according to which "the objective appears to be the purging from the Kulttuuritalo

(building which houses the Finnish CP headquarters) of all those who are favorably inclined toward those who demand restoration of party vigor.

Majority Is Faltering

The internal situation in the Finnish CP has altered considerably from that which prevailed during spring 1982. While in the spring the Taistoists were split at least into two, it is now the majority that is disintegrating as the Taistoists are solidifying.

Whether that situation will carry beyond the parliamentary election remains to be seen. The pressures to bring the Finnish CP into the opposition are increasing, at least in the party field elements.

At the same time Social Democratic irritability about the Communist practice of simultaneously participating in both the administration and in the opposition has increased.

That was apparent already in connection with the devaluation proceedings. The Social Democratic Party would not have been saddened if the Communists had then withdrawn from the administration. That way the Social Democratic Party would have been freed from the tie with the Communists. At the same time the long-standing hope of the Conservative Party to end the collaboration in parliament with the leftist parties would have been realized.

5955

CSO: 3617/22

KIVISTO'S VICTORY MAY LEAD TO BITTER FIGHT WITH COMMUNISTS

Helsinki HUFVUDSTADSBLADET in Swedish 19 Oct 82 p 2

[Editorial by Jan-Magnus Jansson]

[Text] Kalevi Kivisto's argument at the meeting of the Finnish People's Democratic League over the weekend was perfectly logical on the basis of his premise. He pointed out that the devaluation package would be approved by the parliament irrespective of how the People's Democrats vote. If SKDL behaves in such a way that it ends up out of the government, it can look forward to a long period as an opposition party, and in addition it would open up the way for the Conservatives entering the government. Another consequence would be a bitter election feud among the leftist parties. Hence, Kivisto stressed once more that the party should stop "demonstrating" against devaluation as a solution. Its main position is already known.

Kivisto was rewarded with a large majority in the League's executive council, 30 votes to 13. This does not, however, automatically mean that the atmosphere of crisis has dissipated. As long as the SKDL was no more than a cover organization for the Communist Party, it could afford to behave with benign nonchalance. Now that it is, under Kivisto's leadership, showing a tendency to play not only a more independent but also leading role vis-a-vis the Communists, the spirit of revolt is increasing among the Communists with regard to the outstanding way the SKDL chairman is holding things together. Even if the People's Democrats' parliamentary delegation and the CP central committee adopt the same line as the League's executive council did on Sunday - and that is not certain - a new schism has developed, much more serious than the old one involving the quarrel between the majority and minority within the CP. The impact of this schism will probably become apparent in the future in the government, in parliament and in the elections.

Last week the newspaper NEUVOSTO-KARJALA denounced the SKDL leadership, the League's general secretary Jorma Hentila, and also the League's chairman Kivisto himself. One should perhaps not conclude that it is a matter of the Soviets taking a definitive position on SKDL internal matters, any more than was the severe criticism of the FCP's leadership at the special party congress. In any case, it is now difficult simply to argue that the SKDL is needed as a guarantor for government policy.

Finally, the People's Democrats on Sunday could take note of the continued negative public opinion prognosis in the latest Gallup Poll of HELSINGIN SANOMAT. According to it, voter support for the SKDL declined in September to 15.6 percent, compared to 16.6 percent in June and 17.9 percent in the last parliamentary election. In contrast to the Social Democrats who now are promised 27.9 percent - somewhat less than in June but four percentage points over the 1979 election - the People's Democrats are dropping down to a second-level party. One should remember that in the 1966 election, which initiated the popular front period, the People's Democrats received 21.2 percent in contrast to 27.2 percent for the Social Democrats.

If we don't regard a movement towards a two-party system as good, the SKDL will continue to play an important role in our party system. If the People's Democrats collapse politically, we will then get a larger and more radical Social Democratic Party as in Sweden. The Center and the Swedish People's Party--parties, which are holding their positions very well according to Gallup--also constitute a counterweight to a dominating Conservative Party. That is something which should be remembered.

6893

CSO: 3650/31

KOIVISTO REJECTS FEASIBILITY OF SWEDEN, FINLAND 'ZONE'

Stockholm SVENSKA DAGBLADET in Swedish 26 Sep 82 p 7

[Text] Helsinki--President Mauno Koivisto does not believe in a nuclear-free "minizone" in Scandinavia. In Koivisto's opinion, declaring such a zone--which would consist only of Sweden and Finland--is not reasonable.

Koivisto spoke during an interview on Wednesday with the Center Party's press agency UUTISKESKUS. It was the first time since he took office as president just over 6 months ago that he had discussed foreign policy in any detail.

Koivisto philosophized: "If Sweden and Finland declare themselves to be a nuclear-free minizone, that may lead other states to say that the decision was made without their participation and that they do not want to be a part of it in the future, either."

He noted that Scandinavia is already a nuclear-free zone, but he added that if we want to keep it that way even during a crisis, the participation of both superpowers is required.

Referring to statements that have appeared in PRAVDA, Koivisto expressed the opinion that the Soviet Union is prepared to discuss the matter. So the ball is now in the American court.

Koivisto added: "But it would seem that the United States does not want to pick up the ball, at least under the present circumstances."

When asked whether it was not meaningless to try to pursue the matter further, Koivisto said that on the contrary, the time had come to take "more vigorous steps."

"We must carefully consider which steps might bring progress in this matter."

Koivisto said: "As a starting point, the Scandinavian countries must agree among themselves, but the nuclear powers must be brought into it because of the nature of the issue."

He also held out the prospect of a more active Finnish foreign policy, even though its underlying basis--the Paasikivi-Kekkonen line--will remain unchanged.

Some time ago at the United Nations, Finland was the only Scandinavian country to vote for a condemnation of Israel's attack on Lebanon. That brought accusations that Finnish foreign policy leaders were straying from the neutral line. Koivisto rejects those accusations.

He said: "Finland's position was stronger than before, but the situation was also different. On the other hand, the foreign policy line has not changed."

Koivisto also discussed the so-called submarine incidents in the Baltic Sea. He feels that Sweden has been guilty of sensationalizing its hunting of submarines.

"There is no reason for hysteria," Koivisto emphasized, but he added at the same time that under no circumstances should a country allow a deliberate violation of its territorial waters.

11798

CSO: 3650/13

SOVIET PRESS ATTACK ON SKDL CHIEFS, FINNISH PAPERS VIEWED

Helsinki UUSI SUOMI in Finnish 16 Oct 82 p 2

Shows Moscow Concern Over SKDL Split

/Editorial: "Greetings to Hentila and Kivisto"/

The NEUVOSTO-KARJALA, a newspaper published jointly by the government and the party in Petrozavodsk, has taken a strong stand in the discussion going on in the SKDL /Finnish People's Democratic League/. The paper in no uncertain terms places SKDL secretary general Jorma Hentila and SKDL chairman Kalevi Kivisto in a camp of the type that for years has customarily been called Eurocommunism.

The central allegation is that Hentila and Kivisto do not wish to submit the SKDL to the leadership of the Finnish CP, but instead, are attempting to impart to it a special distinction as an independent party. That, in fact, is the gist of the problem. The communists must be able to be in the vanguard, which others must follow without question.

The NEUVOSTO-KARJALA is, circulation-wise, an unpretentious Finnish-language newspaper, the vast portion of whose editions go abroad, to Finland. As such, it is the only newspaper of its type in the Soviet Union. Its influence, at least in theory, was greater in the past in the days when Petrozavodsk was still the capital of the Karelo-Finnish SSR. That city now is the capital of only an autonomous area. The appearance of the story critical of the two leading SKDL personages in the English-language news service of TASS in Moscow is an indication that attention abroad is desired for the article.

The effect of the article within the SKDL is undoubtedly in the nature of a warning bombshell. The article can in no way promote Kivisto's attempts at avoiding a crisis in the administration. The Taistoists are already demanding that Kivisto remain silent and that he observe the will of the Finnish CP.

The call for resumption of discipline originating in Petrozavodsk is proof that the SKDL leaders have gone too far, in the minds at least of some CPSU representatives. Apparently the source of the agitation is the life-style discussions favored by Hentila, in which values are reappraised and new objectives are sought. It may be that power in Petrozavodsk have become

alarmed that the kind of peace movement that condemns all nuclear weapons is gaining extensive and increasing support. Their annoyance is centered, of course, on the realization that the SKDL leaders consider the Soviet Union to be merely one of two superpowers. That in itself is truly fuel for ideological criticism.

In the opinion of NEUVOSTO-KARJALA, UUSI SUOMI and HELSINGIN SANOMAT, among others, have joined the Reagan campaign and crusade against communism and existing socialism. In making that allegation, the fact that the traditional task of the Finnish press is to report events impartially and also the critical appraisal of Reagan's actions and failures to act, has been ignored.

These are general principles of procedure accepted by the Western press. It is understandable that a Soviet newspaper does not approve of this procedure, because its point of view is quite different. Their theory of press responsibility is based on a different type of thinking, which we are powerless to change. All we can do is defend that which is suitable for us.

The main weight in the NEUVOSTO-KARJALA criticism may not be the idea of discussion in the press, but rather, another phase in communist internal debating.

SKDL Secretary Rejects Charges

Helsinki UUSI SUOMI in Finnish 16 Oct 82 pp 6-7

/Background article by Timo Lipponen: "Is Anti-Sovietism a Problem in the Finnish CP?"

/Text/ Although it cannot be alleged that the Soviet press involves itself in Finnish internal affairs, three examples of criticism can be pointed out from the recent past which, from the Finnish point of view, coincide with important points in time.

During autumn 1981 when the Center Party was in the midst of preparations for the selection of its candidate for the Finnish presidency, PRAVDA glaringly involved itself in the proceedings by giving its support to Ahti Karjalainen.

In May 1982 when the Finnish CP was just in the processes of opening its party congress which, from the viewpoint of restoring party solidarity was an important event, the party received a letter from the CPSU warning about anti-Sovietism.

The criticism that is now being directed against Jorma Hentila and Kalevi Kivisto coincides with a point in time when the SKDL is feverishly debating whether it should participate in the administration.

Paradox for the Communists

Prior to the criticism, Hentila had given assurance that the event had nothing to do with criticizing the Soviets. Possibly Hentila may be correct in that the criticism does not arise from the situation in the administration. The criticism can hardly be prevented from having an effect on the degree of friendliness between the communists and the administration.

The NEUVOSTO-KARJALA article relayed by TASS is, in the manner of the criticism received by the Finnish CP in spring 1982, of a surprisingly foreign policy nature. Hentila is alleged to have made an attack against the foreign policy of the Soviet Union.

The lot of the Finnish Communists appears to be, paradoxically, that our neighbor sees more things than anyone else to bring to the attention of the Finnish CP.

Hentila's Sin

The NEUVOSTO-KARJALA article mentions that UUSI SUOMI is among those waging a campaign against existing socialism.

In fact, in early October Hentila did touch in an UUSI SUOMI interview on the Soviet attitude toward the peace movement.

Hentila noted in the interview that it must be possible for the peace movement to criticize the government of any country if it is acting in opposition to the objectives of the peace movement -- including therefore the government of the Soviet Union.

Hentila was also the subject of other open interviews at about the same time. The TIEDONANTAJA of the Taistoist Communists immediately associated the statements made by Hentila, their old enemy, with "a general attack against socialism," which according to that newspaper is in progress in the West.

The NEUVOSTO-KARJALA now launches its attack with turns of expression of a similar style.

This is the way in which the Finnish CP, which in the interim had already had faith in a reconsolidation, wages its internal war by methods that touch on relations between two sovereign states.

The problem may in large measure involve that to which even Aarne Saarinen has referred. There are persons in the CPSU who manage party relations with the Finnish Party, and who hold views that correspond to the views of the minority in the Finnish CP.

Stalinist Leader Speculates on Causes

Helsinki UUSI SUOMI in Finnish 16 Oct 82 pp 6-7

/Article: "Sinisalo Admits to Problems in People's Democratic Movement; NEUVOSTO-KARJALA Understands the Situation"

/Text/ "The person who wrote the article for NEUVOSTO-KARJALA understands the situation in Finland very poorly," says Finnish CP Political Bureau member Taisto Sinisalo.

He admits that relations with the Soviet Union and with socialism in general, as well as the relations between the Finnish CP and the SKDL, have existed as problems within the people's democratic movement.

"Hentila's statements in FOLKTIDNINGEN, NY TID, and in certain other newspapers, have been subject of considerable discussion in working class quarters and most recently in the Finnish CP Central Committee meetings where his statements have given rise to very critical floor speeches," says Sinisalo and points out that he himself has publicly criticized certain viewpoints of Hentila's since 1968.

"In my opinion cause exists for points of view that stress the increase of problems in Finnish CP and SKDL quarters. The kind of observer who sees problems sees quite correctly," Sinisalo notes.

Abouy Kivisto's remarks concerning the Rauhanpuolustajat /Peace Defenders/ Sinisalo states that the Peace Defenders operate in accordance to their own program, and that it is no more an organization of the communists than it is of the Conservative Party.

"I do not believe that the Peace Defenders are a distant terminal for any organization. In that respect Kivisto's assessment is incorrect," says Sinisalo.

Background to Attack Surveyed

Helsinki UUSI SUOMI in Finnish 16 Oct 82 pp 6-7

/Commentary by Timo Lipponen: "'I Don't Know If the Taistoists Are Behind This', Hentila Blocks Criticism"

/Text/ SKDL secretary general Jorma Hentila considers the criticism that was directed against him to be "particularly regrettable" and "inappropriate."

Hentila told the UUSI SUOMI that he does not know whether the criticism relayed by TASS originates with the Taistoist Communists of Finland.

"In earlier times, under certain circumstances, that has been the case. Now I do not know what to say about that," Hentila says.

"To me it appears inappropriate to link the deliberations aiming toward the developing of the objectives and operations of the socialist movement with Reagan's crusade against socialism. Such a linking of results is a disservice to the socialist cause," Hentila says.

According to Hentila, such behaviour is "equally as inappropriate as would be an allegation that I am launching an attack against Soviet foreign policy or attempting to isolate the communists in the SKDL."

The discussions ought to be conducted, according to Hentila, without resort to personal branding or persecution.

"Marxism, as a social science, continues to remain tenable. But what has become subject of discussion is the clarification in the relationship between society and nature, and between socialism and democracy," says Hentila.

"This, in my opinion, does not in any way suggest that Marxism-Leninism ought to be rejected," Hentila points out.

5955

CSO: 3617/21

COMMENTARY ON ANTI-PCI PROPAGANDA PUBLISHED BY CPUSA

PM081507 Rome L'UNITA in Italian 4 Nov 82 p 3

[Unattributed commentary: "Gardner Gus Hall's Rose Garden"]

[Text] For some time there has been a small publicity campaign aimed at communist party members. It consists of leaflets, booklets and small magazines, generally sent by mail, sometimes directly from abroad. They contain statements by other communist parties, speeches by their leaders, reprints of articles, and so forth. Often these items, of an openly or implicitly polemical nature, are designed to confute (to use an elegant term) the PCI's stances, its foreign policy options, with particular insistence on the Polish case.

This phenomenon is now nothing new, since it has been advertised with surprising obligingness by dailies and weeklies. However, we believe that a special mention deserves to be made, among these texts of the pamphlet (printed who knows where) containing the Italian version of a speech by Gus Hall, general secretary of the Communist Party of United States of America [CPUSA].

Obviously the vast majority of PCI members have sufficient maturity and political intelligence to form their own judgment of the level and content of such a publicity campaign and to appreciate its differences.

So it is not a matter of leading any readers of such pamphlets by the hand, but rather of understanding who supplies this "postal advertising" of supposed communist orthodoxy, and what kinds of goods are on offer.

The thesis of Gus Hall's pamphlet (titled "Marxism-Leninism in the World Struggle Against Opportunism") is peremptory: Whoever criticizes the USSR and the socialist countries ultimately sides with imperialism and abandons the class struggle. Indeed, "You cannot serve two masters." And the possibility of serving none is ruled out completely. The reasoning proceeds along this line, using analogies and comparisons that are shameless, to say the least.

The backdrop for the argument is an "international rose garden" in which the "choice, healthy and strong rose which flower luxuriantly" are first and foremost "real socialism" and "Marxism-Leninism"--a flowering regulated by "immanent laws of development" with are "immutable laws."

The intention is to show "all serious gardeners" that "thorns and weeds are very troublesome things." These weeds include precisely the PCI, together with the Spanish and Japanese communist parties, not to mention the CPC, all of which suffer from "opportunism"--a "virus" whose "spread must be halted."

The Polish issue supposedly served the PCI just as a "pretext" for "joining the raging and howling hyenas of reaction and imperialism," with "irresponsible and lying declarations." The Italian communists dared to say that the crisis in Poland "cannot be explained without placing the Polish regime at the center of one's critical analysis." This is allegedly tantamount to arguing that "socialism, not the forces hostile to socialism, is to blame." Instead it should be obvious that the proclamation of martial law is an exceptional measure "adopted to preserve the socialist economic base and its democratic superstructure, including the Sejm, the trade unions and the many varied mass organizations of the Polish people" (though Hall admits that martial law is "a very unusual event in the building of the socialist state of the working class").

Furthermore, according to "the Italians," "the role played by the USSR on the world level...sometimes converges with the interests of the countries and peoples struggling against imperialism and reactionary regimes and for national liberation and independence, and sometimes conflicts with those same interests." According to the CPUSA general secretary, this is not an assessment that even deserves to be discussed, but simply a "dirty lie," which testifies to the exit "from the arena of the class struggle worldwide" of the PCI and the Spanish, Japanese and Chinese communists. This is why there is "no difference in principle" and "no contradiction between many statements by Reagan, Kissinger, Weinberger and Haig and the PCI's statements." They contain the same "inventions," "mystifications" and "base lies" that have long been spread by the reactionary forces. Gus Hall does not hesitate to say that the PCI and the abovementioned parties thus ultimately participate in the "general plan of the great lie" nurtured by "all those Goebbels, Mussolinis, Hoovers, Kissingers, Brzezinskis and dozens of other worthies." This is a single family because bourgeois democracy is little more than a front, whereas "socialist democracy needs no fig leaves because it has nothing to hide." Such fig leaves do not even conceal the latest obscenity ascribed to the Italian communists--that of hindering the CPUSA's struggle "against U.S. monopoly big capital." This too weighs on our conscience: So it is we, and not Gus Hall's ideas, that are clipping the CPUSA's wings.

One could choose more flowers from Hall's generous "rose garden," but it seems to us that this "bouquet" already gives an idea of the pamphlet--an extreme but not isolated example of the postal library in question.

However, some people consider that this publicity campaign stems entirely from a need for "documentation" and that it is therefore a worthy undertaking designed almost to make good an informational shortcoming on the PCI's part. So it is not other parties that are evading, before their members, an open comparison with our party's stances (by not providing them with the slightest information about them), but--surprise, surprise--it is the Italian communists

themselves that are afraid of testing themselves against other people's ideas. The pamphlet that we have chosen as an example shows--it goes without saying--that what is sought is certainly not any exchange of ideas, but a pretext for the basest insults. The aim is clear: To hit the PCI in every possible way. And from this viewpoint Gus Hall's pamphlet really is a significant "document." So this is what it is important to establish: Why did Gus Hall decide to abandon the vast U.S. prairies of "opportunism" to cultivate Italian gardens? Who is teaching him the art of gardening? We do not know. But Gus Hall has told us where the "healthy and strong" roses grow.

CSO: 3528/43

BRIEFS

PCI CONDOLENCES ON BREZHNEV'S DEATH--["Text" of "PCI Central Committee message to CPSU"; first paragraph is L'UNITA introduction] This is the text of the telegram sent by the PCI Central Committee to the CPSU Central Committee: Dear comrades, we send you and all the communists and the peoples of the Soviet Union, the profound condolences of the PCI Central Committee and of the Italian communists for the demise of Comrade Leonid I. Brezhnev, general secretary of the CPSU and chairman of the USSR Supreme Soviet Presidium. At the end of the eminent communist leader's long work we remember in particular the valiant fighter in the antifascist war, his commitment and hard work in the leadership of the Soviet state and party and the proposals put forward by him several times--especially at your recent 26th congress--for the resumption of détente and for safeguarding peace. Communists also remember that Leonid Brezhnev came to Rome in 1964 for Togliatti's funeral and spoke in the Piazza San Giovanni. We ask you to convey our sincere condolences to Comrade Leonid Brezhnev's family. [Text] [PM160957 Venice L'UNITA in Italian 12 Nov 82 p 1]

CSO: 3528/43

BRIEFS

NEW LEFT-PARTY COMMUNIST LEADERS--Bo Hammar was elected on Sunday [14 November] Left-Party Communist General Secretary, succeeding Tore Forsberg. Owing to illness the latter stepped down after 13 years of service. Eivor Marklund of Kiruna was reelected deputy chairman. Included in the party executive committee are Party Chairman Lars Werner, Deputy Chairman Eivor Marklund and Party Secretary Bo, Hammar, among others. Marga Ingadsson, a member of the provincial parliament from Stockholm, was newly elected to the executive committee. Hammar's first task as Party Secretary was to represent the Left-Party Communists at the funeral of Brezhnev. [Text] [Stockholm DAGENS NYHETER in Swedish 15 Nov 82 p 12]

CSO: 3650/46

REORGANIZATION OF GROUND FORCES ADOPTED

Madrid DIARIO 16 in Spanish 26 Oct 82 p 13

[Text] Madrid--The ground forces of the army will be organized in two subdivisions, the regional operational commands and the general reserve, with the former under the command of the captains general, and the latter directly subordinate to the chief of the Army General Staff.

This has been established by an order concerning the "organizational and functional structure of the ground forces" signed by Defense Minister Alberto Oliart. The preamble of the order points out that the fact that the army had its own ministry until 1977 resulted in the captaincies-general having a large number of administrative agencies "which seem to be out of place in an operational organization, but whose existence and need are evident."

Organizations

"The solution adopted in the new organization," states the preamble, "takes into account the strong influence that territorial factors exert on the organic structure of an army, hence it recasts the territorial-administrative and the logistic-operational organizations of the captaincies-general into a single structure, at the same time that it tries to reinforce the operational role of the captaincies-general to a remarkable degree--without implying by this a reduction of their other responsibilities--for the purpose of increasing the effectiveness of the forces." The organization of the new structure prevents the interference of territorial factors in the operational process by means of the express and exclusive appointment of the military governors.

The directive portion of the ministerial order states in Article 1 that "the forces are the fundamental nucleus of the army structure. Their executive function is to implement army operations, and they are organized, trained and deployed to carry out the strategic mission and the territorial defense as a whole.

Article 2 defines the armed elements which "are armed units of the forces, large and small elements regardless of their weapons, which carry out the combat action and are organizationally incorporated into the regional

operational commands or the general reserve. They constitute the *raison d'être* of the army, and their operational capability must be permanent. They are classified into maneuver, combat support and fire support units.

The forces, says Article 3, are organized in the following subdivisions: regional operational commands and general reserve.

Captain General

The captain general is the chief of the operational command of his military region. The structure of the operational command is as follows: regional headquarters, armed units, regional logistic command and military governments.

The regional headquarters, "the command organization of the captain general, is made up of the following elements: command, regional staff, artillery command, engineer command, judge advocate's office, auditor's office, justice secretariat, economic-administrative command, and regional headquarters troop unit. For his personal assistance, the captain general will have a private secretariat.

"The regional staff constitutes the main element of assistance of the captain general in his functions of direction and planning, and it performs the tasks of general counseling, control and inspection." It is arranged in five sections: personnel, intelligence, operations, logistics, and territorial and economic affairs.

The judge advocate's office is responsible for "making decisions on all cases of interpretation and application of legal and regulatory precepts, as well as for the duties of judicial nature which the Code of Military Justice assigns to it."

The regional headquarters troop unit is the "assistance and security organization" of the headquarters.

The regional logistic command, which is under the direct control of the captain general, is the organization which provides logistic support to the units and elements assigned to the region.

"The basic structure of the army in the logistic aspects that do not have the directly operational nature of the personnel and administrative services is at the provincial level."

The military governor will be the representative of the captain general except at the post where the latter is stationed.

8414

CSO: 3548/19

REPORTER VISITS SECURITY POLICE'S CLANDESTINE MONITORING BASE

Stockholm SVENSKA DAGBLADET in Swedish 26 Sep 82 p 6

[Article by Sune Olofson]

[Text] In 90 percent of the cases, spies receive their instructions via short-wave radio. SVENSKA DAGBLADET is the first newspaper ever to visit the secret radio monitoring base operated by SAPO [Security Police]. That base picks up tens of thousands of spy transmissions every year.

The recipients are Moscow's or East Berlin's agents in Scandinavia. The radio monitoring base, whose existence, activity, and geographical location are known only to a few, is part of Sweden's counterespionage effort, which is headed by SAPO's Section B.

Before his visit, SVENSKA DAGBLADET's reporter had to give an assurance that he would never reveal certain information about the base's activity and location.

Bergling Unmasked

SVENSKA DAGBLADET learned that the monitoring base, which is enclosed by a sophisticated electronic warning system, played an important role in the capture of the spy Stig Bergling.

Bergling received several spying assignments via shortwave radio from an espionage headquarters in Moscow. Bergling's receiver was an ordinary Grundig Satellite transistor radio. With the help of the radio monitoring base, SAPO was soon on his trail.

While questioning Bergling, SAPO's interrogators were able to present him with the facts: "On two Sundays every month at a certain time, you received short-wave messages on certain frequencies."

In his statement, Stig Bergling admitted that SAPO's information was correct.

A number of anonymous, handpicked radio monitors who had undergone rock-hard training helped catch the man who was perhaps the biggest spy in modern Swedish history.

A secret agent stationed abroad needs to be guided, corrected, warned, or encouraged by his employer in the home country. NATO and the Warsaw Pact have several espionage bases from where secret coded messages are sent to their agents in the field.

Secret Number of Stations

It is that radio traffic which SAPO's radio monitoring base keeps track of. Along with the base itself, which is located somewhere in central Sweden, there are a secret number of monitoring and direction-finding stations covering the country from south to north. Communications with the direction-finding stations are carried on by cryptotelex.

The activity at SAPO's radio monitoring base is purely a policing activity and should not be confused with the Armed Forces Radio Institute (FRA), which is strictly military.

On a sunny autumn day, we drove in through the well-guarded iron gates.

The chief of the Radio Intelligence Section (the official name of the operation) said: "The electronic warning system surrounding the area is so effective that we have learned a lot about how badgers and foxes live." He has worked in the section since 1948.

With a touch of pride, he says: "So far, I and the station have both remained anonymous."

He will retire in 2 years. Over the years, he has held an important position in SAPO's top-ranking group.

The base is located on 15,000 square meters of high ground and comprises several buildings. SVENSKA DAGBLADET was able to visit one building: the radio monitoring base itself. A complicated antenna system has been mounted on its roof.

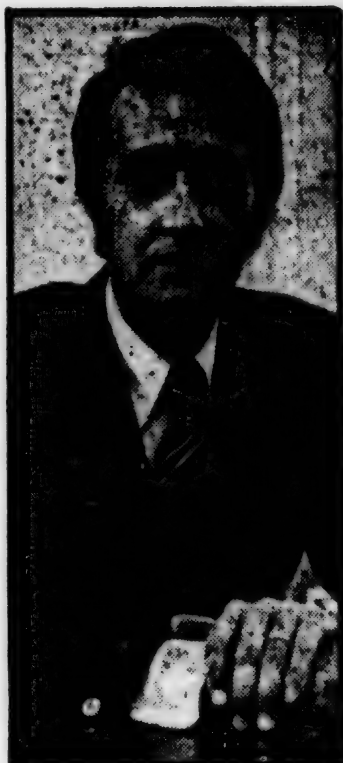
Each radio monitor spends an 8-hour shift at his own listening desk, with a break for lunch. Next to each desk is a tape recorder that records the spy transmissions.

The radio monitors are assigned their own frequencies, target areas, and search areas in Scandinavia and East and West Europe. Each is an expert in his area. The activity is directed by a duty officer from a central desk.

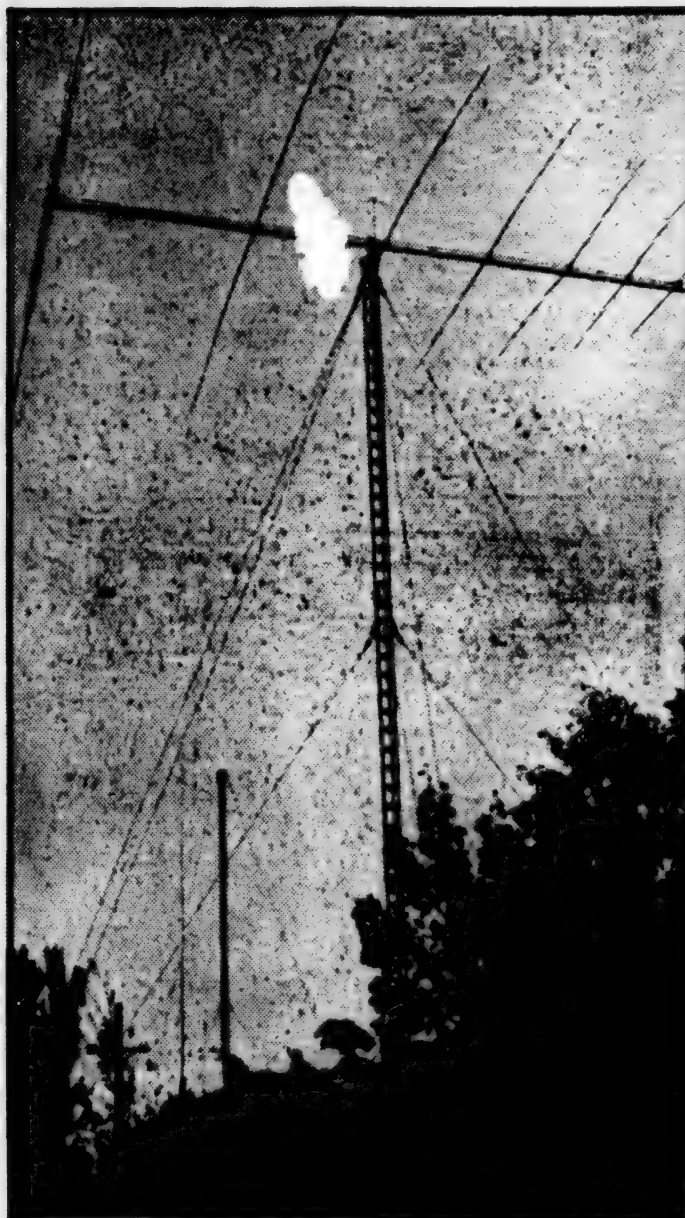
Message Content Unknown

The radio monitors are not allowed to know anything about the meaning of the messages and have no way of putting them in context. As a result, motivating them for their job is an important part of the training.

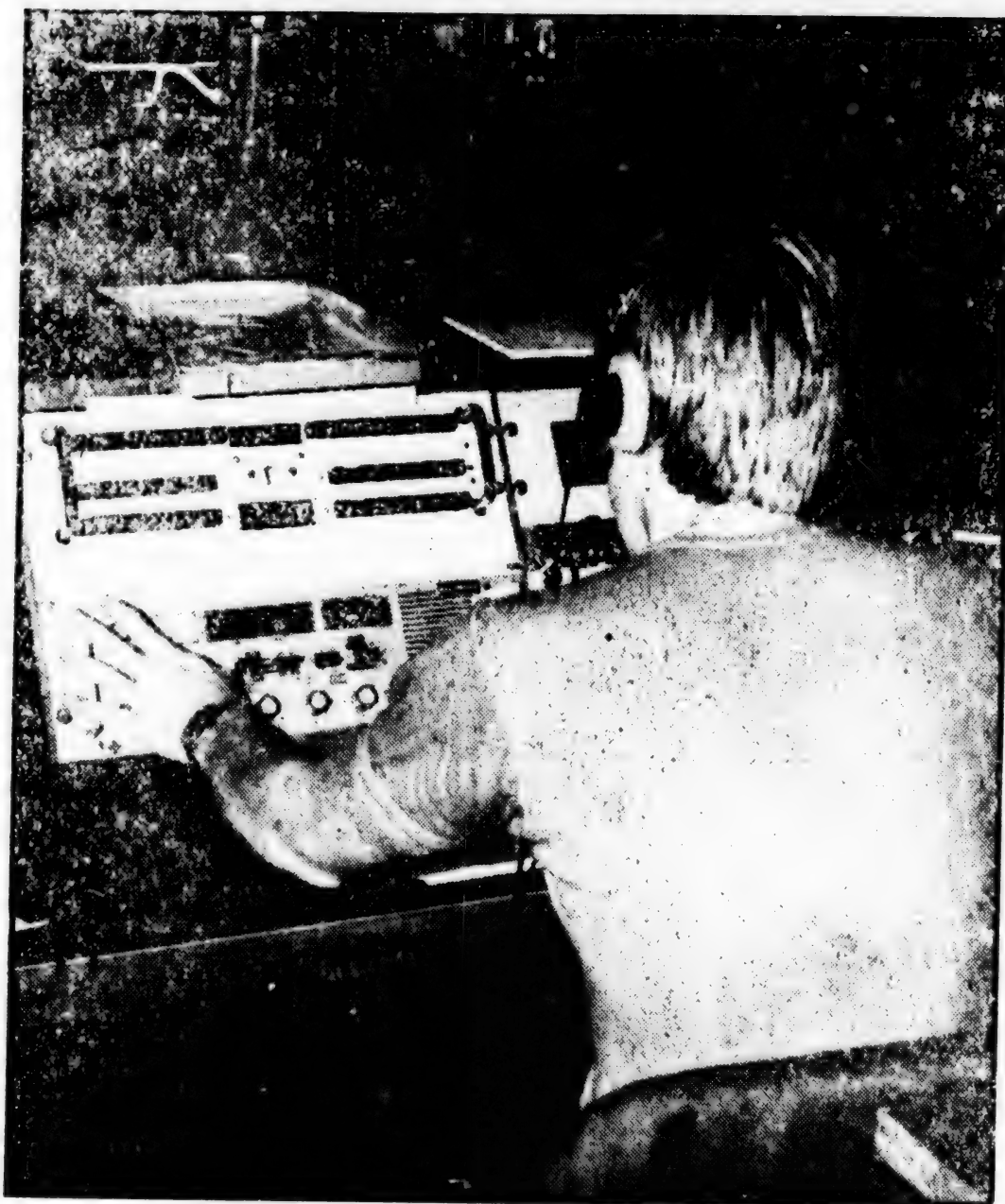
Each monitor's only job is to sort out spy transmissions from all the other signals and messages on the airwaves. Exactly how it is done--with what kind of equipment and by what methods--is a strict secret.



Department head Sven-Ake Hjalmarsson says: "We know approximately how many agents receive their instructions by radio."



The photo shows part of the radio monitoring base's complicated antenna system. The antennas pick up most of NATO's and the Warsaw Pact's spy transmissions.



An anonymous radio monitor at work. Search areas (frequencies) are divided up among the monitors. There are nine radio monitoring desks in this room alone. The monitors must lie to their friends and acquaintances concerning the real nature of their work.

A radio monitor's family and friends do not know what he really does. One of the monitors says: "The work requires patience. It takes a special type of person to sit here."

A spy message is recorded on several tape recorders, and its source is located, preferably by using two different direction-finding stations simultaneously. The message is then punched up and stored in a computer. The computer evaluates the message, searches among other messages that were recorded previously, inserts the new message according to a certain pattern, and, finally, chooses a projection for further processing.

The radio monitoring chief says: "The most important thing is the analysis and processing of the message. Which organization in the East or West sent it? Does the message have any significance for the nation's security? Does it fall within the scope of activity by suspected spies?"

The processing is handled by highly qualified people high up in SAPO. The results are made known to an extremely small circle of people.

SVENSKA DAGBLADET listened in on three spy transmissions from the Eastern bloc: two from East Berlin and one from Moscow. One transmission began by playing a melody, which was the signal to the agent that his specific message from the espionage center in the country employing him would follow shortly. Then a woman's voice read off a series of five-digit combinations of numbers.

Deciphered With Cipher Key

When the agent, who in this particular case is "probably stationed somewhere in Scandinavia," hears the melody, he takes out his cipher key and his cipher form, which help him interpret the number combinations. His tools could be described as conversion tables.

The second transmission consisted of about 10 pulse signals at varying pitches. The radio monitoring chief did not want to say much about that transmission.

The third transmission was a so-called high-speed transmission. An incomprehensible noise, almost like ordinary radio interference, could be heard for 10 seconds.

The radio monitoring chief said: "High-speed transmissions require that the radio monitors be paying close attention." In times of serious international crisis--examples being Poland, the Falklands War, and so on--intelligence activity by the big power blocs increases, and so does the radio traffic used for that purpose. Then the high-speed transmissions pour out over the airwaves.

SAPO claims it does not know the exact content of the radio messages. Coded messages are now extremely complicated. But with the help of information from defectors and others, SAPO can nevertheless draw far-reaching conclusions.

"For example, we get a picture of how the adversaries operate. We don't like to talk about how we use the information."

Assignments

Most often, a spy message transmitted by shortwave radio contains an assignment, establishes a rendezvous point, or provides information about "mail" to be picked up at a specific "mailbox" or cover address. But it may also contain a change in assignment or instructions to a spy trawler in the Baltic Sea to change course.

In SAPO's opinion, the Eastern bloc is just as advanced as the Western bloc when it comes to technical equipment and cunning. As part of the radio monitoring activity carried on by the intelligence services, there is a continual search for countermeasures and technical refinements that cost a lot of money.

The radio monitoring chief says: "An awful lot has happened since carrier pigeons flew over the front lines during World War I."

A striking phenomenon is the fact that the big powers are extremely fair with one another in this field. They never jam each other's intelligence transmissions, preferring to listen in and try to locate the source of those transmissions.

SAPO feels that the great number of spy transmissions recorded by the radio monitoring base--they number in the tens of thousands every year--are an important link in the search for spies in our immediate vicinity.

Every transmission may contain a small piece of a puzzle which, when added to other pieces that may have been gathered by other sections in SAPO, may eventually lead to the capture of a foreign agent.

SVENSKA DAGBLADET asked Sven-Ake Hjalmarsson, SAPO's department head, whether the number of messages also makes it possible to get an idea of how many agents are active in Sweden and Scandinavia.

"It is not possible to get an exact idea of the number. But when combined with other information, those messages give us an approximate picture of the number of agents who receive their instructions in this way."

Footnote: SAPO's Radio Intelligence Section was established in 1939, when the government gave what was then known as the General Security Service the job of developing that activity.

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CSO: 3650/13

COMPUTER GUIDES TURKISH ARTILLERY FIRE

Istanbul CUMHURIYET in Turkish 13 Oct 82 pp 1, 11

[Text] Izmir (ANATOLIAN AGENCY)--For the first time in Turkey the computer guidance of artillery firing in the Turkish army was achieved, the result of cooperative efforts by the 57th Artillery Brigade and Aegean University's Scientific Procedures Center. Savings in time, personnel, and shells were realized with the new process, and the task which the conventional guidance system performed in 7.5 minutes was accomplished in 36 seconds by the computer.

In a joint communication delivered at the Fourth National Scientific Congress which opened in Izmir, Dr Halil Sengonca, an instructional official at Aegean University's Scientific Procedures Center, and artillery First Lieutenant Adnan Takavci of the 57th Artillery Brigade, announced that the guidance of artillery fire by computer had been achieved for the first time in the Turkish army.

In the communication, which stressed the computerization of the conventional guidance system, it was stated that "Great savings were realized in time, personnel and shells through the new process, and the following views were put forward in summary:

While the conventional firing guidance system communicates commands in 7.5 minutes, the computer transmits the entire command in 36 seconds. In a prolonged firing situation, this amounts to an incomparable difference. The conventional firing guidance system requires a team effort. Planners often encounter misreadings, and analysts are frequently subject to optical illusions. By contrast, one person operates the computer, and errors are not encountered...

When we examined foreign nations' firing guidance systems, it was observed that they did not abandon the conventional firing guidance system in every type of contingency, but that they were involved in intensive effort and expense to guide artillery fire by computer. The Turkish army must also keep pace with this development."

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CSO: 3554/35

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